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# **CORPORATE SOCIAL RESPONSIBILITY A CONTRIBUTION TO DEVELOPMENT?**

**A STUDY EXAMINING A MAJOR COMPANY'S  
CSR INITIATIVE IN CAPE TOWN**

**By  
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## **PLAGIARISM DECLARATION**

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

University of Cape Town

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*...Perché mi fai impazzire quando mi guardi così, mi sembra di capire che voglio solo te in questo mondo, voglio solo te in questo mondo...*

## ABSTRACT

*The relationship between Corporate Social Responsibility (CSR) and development has been the centre of discussion for many years. The following study highlights the debates around Corporate Social Responsibility (CSR) and explores to what extent the engagement of companies is contributing to development. This study focuses on one major company and its developmental activities in the Western Cape. The research is based on a main concern with the role of CSR in impoverished communities and whether CSR is contributing to development. Using a case study approach, semi-structured interviews as well as document analysis and observation have been conducted in order to achieve the research objectives*

*The scope of this thesis is confined to one CSR initiative and the findings and recommendation may be of practical use for the respective company to review their CSR strategies in case of a further CSR engagement. Although the literature revealed that many opponents dismiss CSR as marketing tool without any real contribution to development, the analysis of the research findings highlighted that companies can contribute to development in the local communities they operate in. Since there is still a need for further research in the field of CSR and its impact on local communities, this study can be utilized as a proposal to take up further research and to conduct an extensive, long-term study.*

## **ABBREVIATIONS**

BEE	Black Economic Empowerment Act
B-BBEE	Broad-Based Black Economic Empowerment
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DFID	Department for International Development
DTI	Department of Trade and Industry
ECD	Early Childhood Development
EME	Exempt Micro Enterprise
GTS	Lufthansa Global Tele Sales Group, Cape Town
IODSA	Institute of Directors of Southern Africa
JSE	Johannesburg Stock Exchange
LDC	Least Developed Countries
NGO	Non-Government Organization
NPO	Non-Profit Organization
QSE	Qualifying Small Enterprise
RDP	Reconstruction and Development
SRI Index	Social Responsible Investing Index
UN	United Nations
US	United States
VCDT	Vrygrond Community Development Trust
WCED	World Commission on Environment and Development

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# ***CHAPTER ONE***

## ***INTRODUCTION***

### **1.1 CONTEXT OF THE STUDY**

Throughout the 1990s a number of major corporations such as Exxon, Shell, Nike or Enron have been attacked by non-government organizations (NGO) and activist groups for the negative social and environmental impacts of their operations. Companies began to realize the importance of being ethical and responded with the concept of Corporate Social Responsibility (CSR), which includes a set of activities, policies and codes of conduct. In the last few decades CSR has become a well-established part of business strategies of major corporations as well as smaller companies. Today, CSR advanced to be a buzzword in the business and social science literature. A recent search on Google.com with the keyword „corporate social responsibility’ resulted in over 20 Million hits. The prominence of the concept has further animated an old dispute about CSR and given rise to a new discussion. Debates in the past discussed whether companies should have other responsibilities beyond making profit for their shareholders. The new debate focuses on the impact that CSR initiatives have on society and environment that has entered into the development agenda.

This new debate is caught between two contrasting positions about the potential of CSR and the question of whether companies do or do not contribute to sustainable development. Proponents of CSR herald this approach as a valid tool to address the pressing developmental issues that exist in developing countries. Optimists firmly believe in CSRs ability to contribute positively to social and economic development. The most prominent advocate is Kofi Annan. In his key note address to the United States Chamber of Commerce in 2001, the then Secretary General of the United Nations (UN), urged business leaders to engage in sustainable development: *“In fact,*

*there is a happy convergence between what your shareholders pay you for, and what is best for millions of people the world over” (Annan 2001).*

Critics on the other hand are very sceptical about the notion of business involvement in development. Those opponents doubt that CSR can contribute significantly to sustainable development and such practices have been harshly criticized for its absence of binding regulations and lack of a legal framework. In this context companies have often been accused of lacking developmental expertise when planning and implementing CSR initiatives. Furthermore, numerous opponents condemn companies’ CSR engagements as marketing tools and question the actual benefit and contribution for the intended beneficiaries. Sprinkle and Maines (2010:447) argue that *“it is something firms feel they have to do in order to avoid negative publicity and other actions from NGOs”*.

Since this study is concerned with the role of CSR for sustainable development, further clarification of the terms ‘Corporate Social Responsibility’ and ‘sustainable development’ is required. There is a clear distinction between the concept of CSR and the practice of CSR. The researcher is following the notion of Blowfield and Frynas (2005), who refer to ‘Corporate Social Responsibility’ as a concept, an umbrella term for a variety of theories. In practice CSR is regarded as social investment activity of a company and will be referred to as ‘CSR initiatives’ throughout the study. Hence, this study regards ‘CSR’ as an umbrella term and ‘CSR initiatives’ as business strategies that are external to a company’s core business, undertaken for the purpose of uplifting communities in general, and with a developmental approach (Fig 2005). The terms ‘company’, ‘firm’, ‘corporation’ and ‘business’ are used interchangeably in this thesis, although the researcher is aware that they stand for different legal entities.

There is an equally complicated debate around the concepts of ‘development’ and ‘sustainable development’. Many companies that engage in CSR often refer to their initiatives as sustainable development, initiatives with supposedly positive impacts in the communities the companies operate in. The researcher is aware of the complexity of this issue and the thesis does not seek to resolve it, nor can it be resolved in a single case study. However, there is a clear understanding that not all development is sustainable development. The case study is concerned with questions

about CSR's contribution to development and consideration of sustainable development was taken into account. The concept of sustainable development was first coined in 1987 in the Bruntland Report's definition of sustainable development as meeting "*the needs of the present without compromising the ability of future generations to meet their needs. Sustainable development requires meeting the basic needs of all and extending to all the opportunity to satisfy their aspirations for a better life*" (WCED 1987:43). The report defines needs from a human standpoint and in broad terms, the concept of sustainable development is an attempt to combine growing concerns about a range of environmental issues with socio-economic issues (Hopwood et al. 2005; Sagebien and Whellams 2010). The researcher is following the notion of Sagebien and Whellams (2010), using the term 'sustainable development' to refer to development that includes an economic growth component, as well as a social and environmental value.

## **1.2 PURPOSE OF THE STUDY**

Impoverished communities in South Africa are still facing massive social and economic challenges such as high levels of unemployment, low levels of education, lack of access to basic services, HIV/AIDS, food insecurity and high levels of crime and violence. CSR has taken off in South Africa and the government has introduced various initiatives to encourage companies to engage in social development programs in order to tackle these issues. The Black Economic Empowerment Act (BEE) and the King Report II are examples of initiatives that are designed to further drive CSR engagement. In order to determine whether CSR programmes can have a positive contribution to communities in which the companies operate in, this case study analyses the iThemba School Capricorn in Vrygrond. The non-profit organization (NPO) was established in 2009 as the CSR initiative of the Lufthansa Global Telesales Pty Ltd. Group (GTS) in Cape Town. The Lufthansa GTS Group is a 100% subsidiary of Lufthansa Commercial Holding and the office in Cape Town was established in 1999. It was the first international customer service centre in South Africa. GTS Cape Town employs more than 420 people and is the largest service

centre of the GTS Group network. The iThemba School Capricorn is a pre-primary school situated in Vrygrond outside of Cape Town and equips young learners with the necessary skills to enter English-medium primary schools. The school accommodates 75 pre-primary children aged three to six and has eleven staff members. Vrygrond is one of the most impoverished areas of Cape Town and, according to the last government census, most household income is under 1000 Rand per month (City of Cape Town 1996). Chapter four will offer detailed information about the organizational background and the research sites.

The motivation for investigating the role of CSR for development in South Africa evolved during an internship from June 2010 to December 2010 at the iThemba School Capricorn. As a student of Development Studies, the researcher became increasingly interested in the implications of such CSR initiatives for development. Working with this organization allowed gaining valuable insights into the ways in which this CSR initiative has been implemented by the company and how it operates. In a meeting with the Managing Director of the GTS Group, who is also the chairperson of the iThemba School Capricorn NPO, authorization was granted to take company's CSR initiative as a case study and to access the NPOs Board of Directors as participants for this research. Furthermore, access was granted to NPO correspondence and documents for the document analysis part of the research.

This research is based on a main concern with the role of CSR in impoverished communities and whether CSR is contributing to sustainable development:

- *Through the implementation of CSR initiatives can companies contribute to the sustainable development of communities in which they operate and how?*

Against the background of the broader questions, the specific research aims were:

- *Examine the CSR initiative of a major company in Cape Town.*
- *Establish how the CSR initiative was implemented.*
- *Establish how the stakeholders of this CSR initiative perceive its role.*
- *Establish the importance of this CSR initiative for the community.*

Establishing the perception of the stakeholders was essential for this study. The researcher follows Freeman's definition of stakeholders as "*any group or individual who affects or is affected by the achievements of the company's objectives*" (Freeman 1984: 46). A further objective of this research was to place CSR within the debates on development, while simultaneously examining the design and implementation process of CSR initiatives. Therefore, the findings of this research will be discussed through the post-development critique.

The scope of this thesis is confined to one CSR initiative. The observations made by the researcher are case specific and recommendations will be based on the evidence found in the study. However, the findings and recommendations may be of practical use for the respective company to review their CSR strategies in case of further CSR engagement. Since there is still a need for further research in the field of CSR and its impact on local communities, this study can be utilized as a proposal to take up further research and to conduct an extensive long-term study.

### **1.3 METHODOLOGY**

The design of this research is a single case study, undertaken within a qualitative framework and is primarily descriptive as well as exploratory. In order to achieve the research objectives outlined in the section above, semi-structured, in-depth interviews, document analysis and observation have been chosen as methods of data collection. The majority of the research took place in Vrygrond, Cape Town, where the iThemba School Capricorn is located. The other part of the research took place at the GTS office in Cape Town, where document analysis and interviews with GTS executives were conducted.

Most of the data was gathered between October 2010 and March 2011 from a variety of sources. In order to gain background information about the organization and its CSR engagement, data was gathered through document analysis, including company reports, publications, minutes of board meetings and other NPO documents. This information was conducted in October and

November 2010 and helped to shape the questions for the interviews with the stakeholders. Between January and March 2011 semi-structured interviews were conducted with a number of stakeholders involved in the iThemba School Capricorn NPO. Additional to the semi-structured interviews, data was gathered through observation and informal conversations with residents during site visits in Vrygrond.

## **1.4 STRUCTURE OF THE THESIS**

Chapter one outlines the introduction to the study, the developmental context as well as the purpose of this thesis. The remainder of this thesis is structured as follows:

Chapter two describes the context in which CSR has evolved and offers a brief introduction of the term „CSR’. Literature and prior studies concerning CSR will be examined in order to provide an overview of the various standpoints and current debates. One objective is to understand the meaning of CSR and its implication for development. These debates are further discussed in relation to the criticism of the post-development school.

Chapter three will provide a layout of the research design and methodology. Aspects such as sampling framework, data analysis, ethical considerations and research limitations will be discussed.

Chapter four draws upon the findings of the case study. Section one „background information’ will offer an organizational background of the case selected and outlines the observations made on site. The second section „analysis of the research findings’ will outline the key findings of the research including the analysis of the different perceptions of the various stakeholders on the benefits of CSR initiatives, the role that such CSR initiatives have in impoverished communities, and its contribution to sustainable development. The analysis of these findings will be discussed in relation to the critique outlined in the literature review.



General conclusions and the answer to the central research question are provided in the final chapter. Chapter five also offers recommendations to companies wishing to contribute to sustainable development through their CSR initiatives, and identifies directions for further research in this field.

## ***CHAPTER TWO***

### ***LITERATURE REVIEW***

#### **2.1 INTRODUCTION**

CSR is frequently defined in very broad terms and tends to involve a range of initiatives associated with occupational health and safety, education and training, labour and human rights, environmental management, as well as, company support for community development projects (Fig 2007). The basic idea is that the responsibility of companies should go beyond the shareholder, and extend into broader social issues that reflect particular concerns of the different stakeholders (Clapp and Utting 2008). Throughout this research different concepts emerged, which initially seemed to be interchangeable. The most common ones were „Corporate Social Responsibility’, „Corporate Social Investment’, „Community Development’, „Corporate Community Investment’, „Corporate Social Initiatives’, „Corporate Philanthropy’, and „Global Citizenship’. In particular, „Corporate Social Investment’ (CSI) and „Corporate Social Responsibility’ (CSR) seem to be used interchangeably throughout the literature as well as in business and NGO jargon. Above all, the latter term has been thoroughly discussed resulting in a wide array of concepts, definitions and also substantial critique (Van Marrewijk 2003). Harwood et al. (2011: 284) claims that there is *“a potential identity crisis as to exactly what is included*

*and what is not (environmental/ social, internal/ external, proactive/ reactive, voluntary/ mandated activities)”.*

Today, there is an on-going discussion about the definition of CSR and its potential for sustainable development. This chapter will review literature and prior studies concerning CSR, to gain an in-depth understanding of the concept and its origins. It will outline the most prominent definitions and provide the reader with an overview of the various standpoints and the current debates on this topic. The debates around CSR and the question of its benefits for development will be linked with the theories of the post-development school, outlined in Chapter 2.5.

## **2.2 DEFINITIONS OF CSR**

*“It means something, but not always the same thing to everybody”.*

*(Votaw and Sethi, quoted in Marrewijk 2003:96)*

CSR has often been described as the obligation of companies to be responsible for their business operations and to be sensitive to the needs of the stakeholders involved. Henningfeld (et al. 2006) utilizes CSR as a broad term, defining it as undertaking business in an ethical way in order to achieve sustainable development, not only in business terms, but also in the social and environmental sphere. Other authors define it as a company’s duty to enhance its positive effects on society and diminish its negative effects (Perrelault and McCarthy 2002). International organizations such as the United Nations and the World Bank have recently started to embrace CSR *“in the hope that the private sector can play a key role in achieving developmental goals aimed at poverty alleviation”* (Newell and Frynas 2007:669).

The World Bank for instance defines CSR as:

*“The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society to at large to*

*improve their quality of life, in ways which are both good for business and good for development” (Blowfield 2005:515).*

By definition of the United Nations (2007):

*“CSR, at its broadest, can be defined as the overall contribution of business to sustainable development. A minimum standard for CSR might be that businesses fulfil their legal obligation, or, if laws or enforcement are lacking, that they ‘do no harm’. A maximum standard point toward the active alignment of internal business goals with externally set societal goals, those that support sustainable development.”*

Fig (2005:601) argues:

*“CSI encompasses projects that are external to the business or outward looking projects undertaken for the purpose of uplifting communities in general and those which have a strong development approach. It also includes projects with focus on social, developmental or community aspects where the investment is not primarily driven as marketing initiative”.*

Blowfield and Frynas (2005:503) further claim:

*“It may be useful to think of CSR as an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliances and the liability of individuals; (b) that companies have a responsibility for the behaviours of others with whom they do business (e.g. within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add valuable to society.”*

Despite the fact that there is no clear definition, the term is universally used to describe a variety of theories and concepts, as well as, a practice of companies that engage in society (Peloza and Shang 2011, Fox 2004). As previously mentioned this study follows the notion of Blowfield and Frynas (2005) and refers to „Corporate Social Responsibility’ as an umbrella term for a variety of theories. In practice it can refer to a wide range of actions that companies may take, from

donating to charity, establishing projects and initiatives, or to reducing carbon emissions (Corporate Watch Report 2006). For the purpose of this research, „CSR initiatives’ are regarded as business activities and practices that are external to a company’s core business, undertaken for the purpose of uplifting communities in general, and with a developmental approach (Fig 2005).

## 2.3 THE RISE OF CSR

*“To think of the business corporation simply as an economic instrument is to fail to understand the meaning of the social changes of the last half century”*

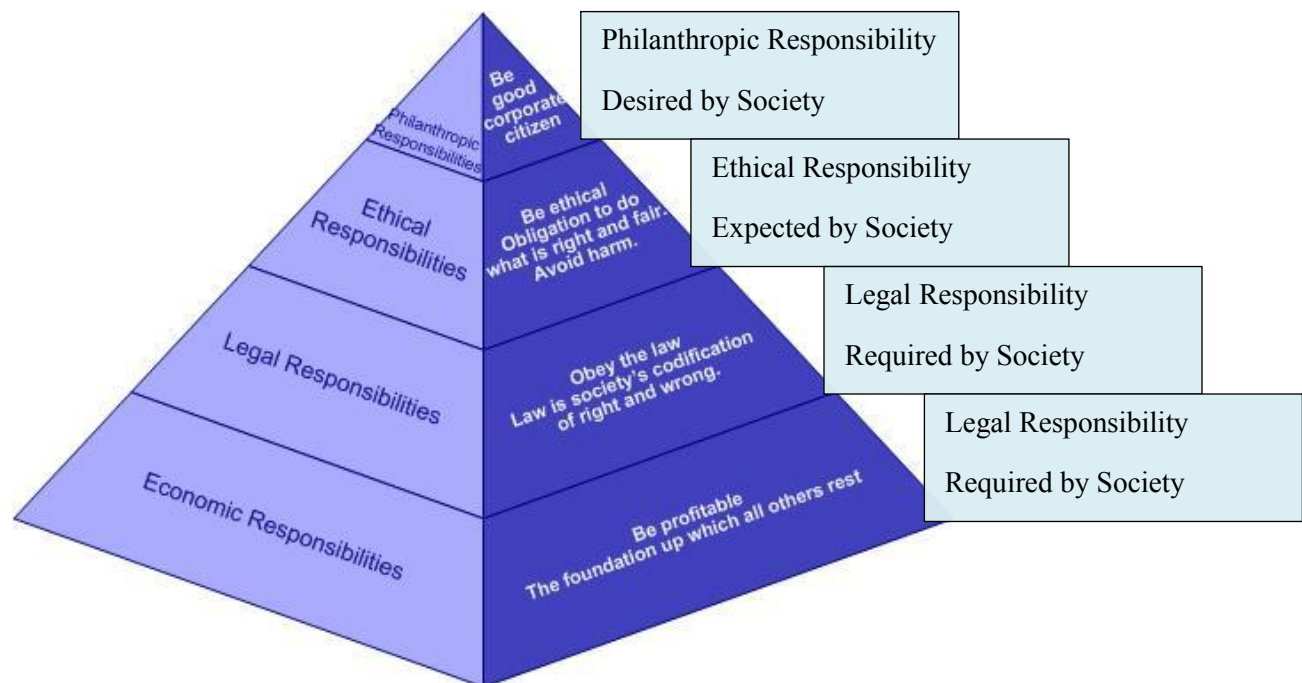
*(Daniel Bell, 1974:289)*

Corporate Social Responsibility has a long and varied history, however, although the surrounding debates has increased during the last few decades, philanthropic engagements of companies are not new phenomena (Carroll 1999, Harwood et al. 2011). Cadbury in England, Thyssen and Krupp in Germany or the Rockefellers in the USA, just to name a few, are all examples of major companies that were already promoting the general well-being of their societies in the nineteenth and early twentieth century, via social projects, education and arts (Henningfeld et al., 2006). However, in the past society only expected corporations to provide goods and services, employment and to pay their corporate taxes; they were not expected to be socially responsible (Idowu and Filho 2009).

In the early 1950s in the United States (US), societal expectations of corporations changed, and the corporation’s role became subject to a larger debate. The first recognized contribution in CSR literature dates back to Bowen. His book *Social Responsibilities of the Businessman* from 1953 is considered to be the starting point of the debate, in which he refers to social responsibilities as the obligation of businessmen to pursue policies, which are desirable in terms of the objectives and values of society (Matten 2006; Pogutz 2008). From this time on, the US led the debate on the role and responsibilities of companies in society and by the 1970s, a growing consensus on

the understanding of CSR had emerged (Matten 2006). Over the course of the last few decades the media has exposed the climbing power of large companies paralleled with labour and human rights abuses around the world. This exposure compelled multinational companies to realize the importance of being ethical, while running their daily operations, since society increasingly demanded that corporations act responsibly (Cornelius et al. 2007).

Archie Carroll, one of the most influential and longstanding voices in the CSR debates of recent decades, developed probably the most established and accepted model of CSR (Matten 2006). Carroll's model was an attempt to formalize CSR as a multi-layered concept and CSR encompasses the economic, legal, ethical and philanthropic expectations placed on organizations by society at any given point in time (Carroll 1991). This model regards companies not only as drivers of economic progress but also as moral actors. Matten (2006) concludes that true social responsibility is only achieved if a company meets all four levels consecutively.



**Figure 2.1** Carroll's Four-Part CSR Model (GTP 2010)

Another important approach to CSR emerged during the 1980s, with the growth of the stakeholder theory (Pogutz 2008; Freeman 1984). The concept was that firms should be more responsible to all the different stakeholders that may have particular environmental, social, and human rights concerns (Clapp and Utting 2008). Scholars such as Freeman argue that the managers of companies have obligations to a broader group of stakeholders than the simple shareholders. Furthermore, business can be understood as a set of relationships among groups which have a stake in the activities that make up the business (Pogutz 2008).

Since the 1990s, the CSR agenda was further driven by a global shift in the way business is perceived. Fig (2007: vi) argues that *“a prominent feature of globalization has been the dramatic increase in size, geographical reach and cultural presence”* of large corporations. With the increasing economic power of these corporations, the impact on society and environment increased as well. According to Hamann (2003:238), business in the context of globalization is regarded as *“a crucial element in the process of social transformation, for the benefit of society in general, as well as business itself”*. As previously mentioned, CSR has been traditionally defined as a corporation’s responsibility to comply with the laws and responsibilities to its shareholders. However, CSR has evolved to include the organization’s responsibility for its impact on different stakeholders such as employees, customers, investors, local communities, and government (GTP 2010). Contemporary business strategies incorporate aspects of CSR, and it has become, according to Pogutz (2008:44), *“the main managerial framework wherein the relationships between business and society are studied”*.

## **2.4 THE CSR DEBATE**

With the expansion of multinational companies especially during the 1990s, the CSR debate also entered the developmental agenda. Companies can no longer deny the significant influence on the environment and society (Henningfeld et al. 2006). This process has given *“rise to understandable concerns about power, responsibility, the role of governments and the role of*

*companies*” (Payne 2006:286). For profit-motivated companies, issues of sustainability and social responsibility were not popular concerns in the past. However, in an era of globalization, not only multinational corporations but also local businesses are no longer able to conduct destructive and unethical practices, such as polluting the environment, without attracting negative feedback from the public. Increasing media attention and pressure from watchdog organizations as well as rapid global information sharing led to a surging demand from consumers and governments for corporations to act more responsible (TakingITGlobal 2011, Orlitzky et al. 2011).

One of the main points of contention is the question of whether companies do or do not contribute to sustainable development. The perception of the significance of CSR practices is caught between two contrasting positions. On the one hand, business executives and CSR proponents praise such initiatives as tools for poverty alleviation. Business literature is full of evidence that CSR engagement is positively contributing to development, and that it is „filling the government gaps’. These advocates regard the involvement of corporations as a critical component of development and highlight the positive impact on society. On the other hand, the opponents stress the incompatibility of business objectives and the objectives of development. These critics regard the government as the primary agents of development, not the private sector. They dismiss CSR mostly as a public relation or marketing tool of companies, to distract the public from ethical questions raised by their core operations. The taxonomy of *good* or *bad* for development by Blowfield and Frynas (2005) will be applied to the following discussion. *Table 2.1* highlights the main arguments of the CSR and development debate.

Good for Development	Bad for Development
<ul style="list-style-type: none"> <li>• CSR is filling the government gaps</li> <li>• Contributes to sustainable development</li> <li>• Contributes to UN Millennium Goals</li> <li>• Greater resources than the state</li> <li>• CSR promotes social development</li> <li>• Tool for poverty alleviation</li> </ul>	<ul style="list-style-type: none"> <li>• CSR obscures unethical business practices</li> <li>• Corporations lack development expertise</li> <li>• No regulation</li> <li>• Western capitalist model, Northern-driven</li> <li>• Top down approaches in implementation</li> <li>• Incompatibility with development objectives</li> </ul>

**Table 2.1:** Summary of arguments in the CSR debate

## **2.4.1 CSR IS GOOD FOR DEVELOPMENT**

*“By following socially responsible practices, the growth generated by the private sector will be more inclusive, equitable and poverty reducing”*

*(DFID 2001, quoted in Jenkins 2005: 525)*

Many scholars and CSR practitioners point out the potential of CSR and how companies could contribute to sustainable development. It was acknowledged that the profit orientated enterprises generate employment and pay corporate taxes, but the notion that business could play a central role in development was long neglected (Blowfield 2005). *“Although western companies operated in the developing world for a long time, they were either ignored or seen as problematic by development professionals”* (ibid: 516). Nowadays business literature is full of evidence that CSR initiatives do make a positive contribution to society and the environment (Sagebien and Whellams 2010). International development agencies and organizations have adopted this approach as a way to tackle poverty and inequality. A prominent example is the United Nations (UN) Global Compact initiative, launched in 2000 by the then Secretary General Kofi Annan. Over 4,000 members comprising large and small companies, as well as governmental and non-governmental organizations, committed themselves to support ten principals based on international agreements on human-rights, environment, labour-rights and anti-corruption. Through responsible practices, business is making a unique and significant contribution to follow these ten principals and for implement the UN Millennium Development Goals (UN Global Compact 2011). Such initiatives clearly stress the great potential of companies to address social and environmental issues in developing countries.

### **2.4.1.1 COMPATIBILITY WITH DEVELOPMENT**

Within international institutions, such as the World Bank or the UN, CSR has come to be viewed as a potential mechanism for inducing development (Frynas 2005). Although many critics argue that the state is the primary agent of development, CSR is regarded as a way to optimize state-led investments in this field. As per Jenkins (2005:530), those agencies regard CSR *“as a way of*



*reconciling support for private enterprise and a market-based system with the central aim of reducing global poverty*". For instance, the Department for International Development (DFID) emphasizes the idea that the market is a critical vehicle for tackling poverty (Newell and Frynas 2007:670). This argument is taken further by Vives (2004:46), claiming that CSR is *"development done by the private sector, which perfectly complements the development efforts of governments and multilateral development institutions"*.

A main argument is that CSR initiatives are filling the so-called 'government gaps'. In many developing countries, the state is the sole agent of development and cannot handle this task on its own. According to Ruggie (2002), the task of CSR is to fill these gaps opened by economic globalization, especially in Least Developed Countries (LDC). It is apparent that the lack of government resources leads to poor service delivery, especially in the provision of health and education services. Particularly at the local level, where government has limited abilities to provide basic services, companies can contribute positively to support local governments (Hamann 2006). Business, according to the proponents, brings along a set of skills and strategic approaches that can be helpful to address problems the state is not able to tackle on its own. Sagebien and Whellams (2010) argue that corporations might be more capable of delivering development than governments, in particular in countries where government gaps are most acute. Scholars such as Jenkins (2005) and Hamann (2006) are advocating the obligation of companies to provide their skills and resources for developmental issues. Blowfield and Frynas (2005) further insist that, where the state is unable to deliver minimum levels of sanitation and infrastructure, CSR initiatives may make an enormous contribution. This notion is in line with the UN Global Compact initiative, claiming that private enterprises are at the heart of development and companies can help to ensure that sustainable development is achieved and that the benefits of globalization are shared more widely (UN Global Compact 2011).

In addition, many companies feel the pressure of customers to act responsible. Besides the assumption that corporations can have a positive impact on development, there is an emerging business case for addressing poverty. Proponents of CSR suggest that companies can help reduce poverty, and turn a profit at the same time (Newell and Frynas 2007). Reputation is a key concern of any major company, and a good reputation will enhance a company's performance.

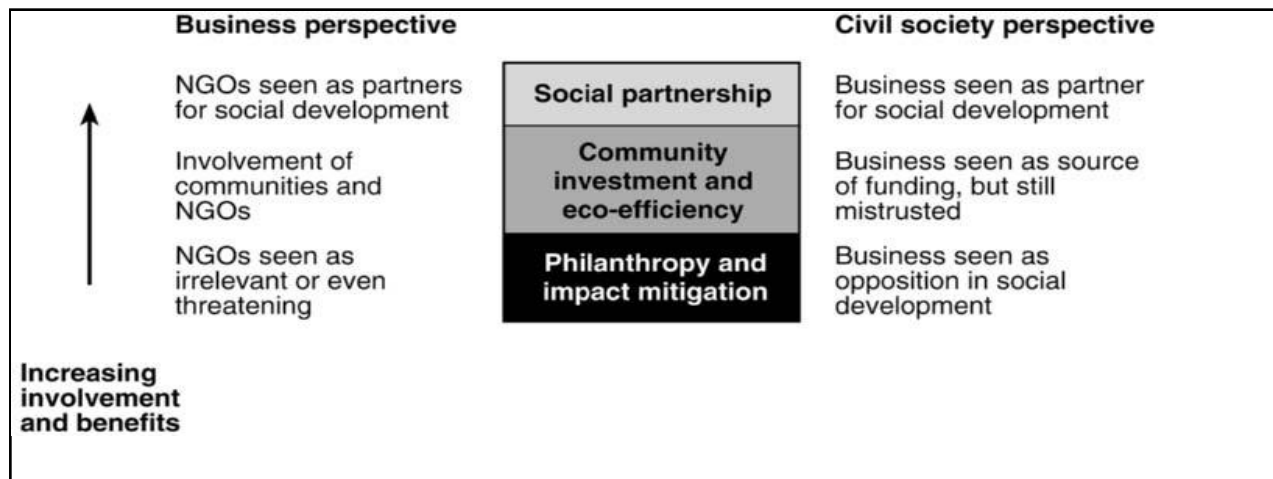
This is also in line with Humphrey (2000:129) who argues that *“Everything a company now does, it does in the public gaze”*. A growing desire of customers to buy products that are ‘child-labour’ and ‘sweat-shop’ free, have a lower environmental impact and are not genetically modified, have induced companies to react. Major corporations such as Lufthansa, Nestlé, Exxon or Shell engage in CSR, promoting their initiatives and business practices as being ‘socially responsible’. According to a report published by the UN Development Program, it makes business sense for companies to engage in CSR and to contribute to the UN Millennium Goals, because it builds a sound business environment with healthy employees and prosperous customers (Hamann 2006). Additionally, many companies feel the pressure to engage in CSR initiatives, especially when they expand into international markets and developing countries, where they will be critically scrutinized (Fig 2005, Groza et al. 2011).

#### **2.4.1.2 SOCIAL PARTNERSHIP**

Although the relationship between the private sector and non-profit organizations has been antagonistic in the past, international organizations and development agencies began to incorporate CSR as an approach to solve developmental issues (Gold 2004). In many cases, corporations interact with non-profit organizations to facilitate the planning and implementation of their initiatives. Gold (2004) further points out how companies may bring along a set of business skills that are lacking in many NPOs. On the other hand firms can also profit from NPOs in terms of local knowledge and developmental expertise.

In addition, development agencies and NPOs can offer valuable insights in terms of planning and implementing projects in local communities. Partnerships between such organizations and business can produce positive alliances that can have a considerable impact in poor communities. Hamann (2003) argues that CSR has moved away from a purely philanthropic engagement of companies, to a form of social partnership between business sector and the civil society. Such partnerships can be a more effective way for companies to contribute positively to sustainable development. According to the author (ibid), a tri-sector partnership between corporations, government and NPOs represents a more intelligent way of fulfilling CSR. Such partnerships can

be used with maximum effect because it is more of a complementary approach where all partners provide their skills and resources according to their capabilities (ibid).



**Figure 2.2** Evolution of CSR from Philanthropy to Social Partnership (Hamann 2003)

Social partnerships would also fulfil their role as watchdogs to improve companies CSR strategies. Watchdog organizations put further pressure on companies by producing counter information through research on their initiatives, forcing them to act more responsible (Lund-Thomsen 2005).

## 2.4.2 CSR IS BAD FOR DEVELOPMENT

The debate around the relevance and importance of modern CSR emerged after the first big wave of the CSR movement in the US of the 1970s (Matten 2006). Milton Friedman, one of the harshest critics of this practice, led the counter view of the emerging movement by criticizing the vagueness of the concept and questioning the alleged social role of corporations (Pogutz 2008). This section outlines the major points of critique in the CSR and development debate.

#### 2.4.2.1 INCOMPABILITY WITH DEVELOPMENT

Opponents of CSR are very critical about the motivation of business and the debate was spawned with Friedman's provocative article „*The social responsibility of business is to increase its profits*'. Friedman (1962) contends that few trends could so thoroughly undermine the very foundations of free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. In this light, the shareholder, in pursuit of profit maximization, is the focal point of the company and socially responsible activities do not belong to the domain of organizations but are a major task of governments.

Friedman's critique is in line with scholars such as Blowfield and Frynas (2005), Fig (2005) or Idemunia (2008), who are also critical about the notion of development done by the private sector and therefore questioning the compatibility between business objectives and objectives of development. There is limited potential of CSR initiatives for sustainable development, as argued, because companies cannot escape their primary goal of making profits for their shareholders. Since business is structurally constrained by the logic of capitalist production and profitability, it will continually choose profitability over making meaningful contributions to development, "*which might incur cost not compensated for in profit. Hence, CSR initiatives will only be followed if they offer substantial benefits to the firm*" as per Idemudia (2008:93). Considering the persistent pressures from shareholders for short-term returns, as the critique continues, it is fair to doubt some companies' engagements in sustainable development (Jenkins 2005:529): "*If firms are driven by short-term financial profitability they may not make the long-term investments necessary to promote human development or benefit the poor*".

Sagebien and Whellams (2010) stress the fact that the main motivation for multinational companies to engage in development is for commercial and not developmental reasons. It is a well-established tradition within the western business-management culture (ibid). Blowfield (2005) carries this argument further by differentiating between the negotiable and the non-negotiable values of businesses. The latter are fundamental values of the capitalist system and include the right to make profit, free trade, the freedom of capital or market determination of

price. Furthermore, some non-negotiable values may also conflict with those of the intended beneficiaries of CSR initiatives (ibid). The fact that companies are not willing to negotiate over these values tells us a great deal about the relationship between CSR and development. Blowfield (2005) concludes that CSR initiatives have only fostered change in areas that companies have been willing to negotiate over.

#### **2.4.2.2 MARKETING TOOL AND WINDOW-DRESSING**

Another accusation is that CSR initiatives are used to distract from a company's unethical core business strategies. Frynas (2005:585) argues, that *"many social initiatives have been started following bad publicity and can be seen as attempts to improve a company's reputation"*. In compliance with the sceptics, those activities are primarily serving corporate objectives, rather than developmental objectives. In addition, Newell and Frynas (2007:670) claim that *"CSR emerged among leading firms and business schools as a public relations tool, a way to deflect criticism, engage critics and potentially capitalize on emerging business opportunities associated with doing, and being seen to be doing, good."*

Initiatives by major corporations have been increasingly scrutinized by NGOs and watchdog organizations, such as Rights Action or Christian Aid, due to the mounting evidence of a gap between the stated intentions of business leaders and their actual behaviour, and the impact they have in the real world (Frynas, 2005). For instance, Christian Aid (2004) accuse CSR initiatives of major companies such as Coca-Cola as a tool to mask the sometimes devastating environmental and social impacts those major companies have on communities. The Coca-Cola Company, as per Christian Aid (ibid), praises their responsible usage of natural resources and the support of projects most relevant to community needs: *"The Coca-Cola Company and its philanthropic arm, the Coca-Cola Foundation, aim to make a greater impact around the world by being responsive to the citizenship needs of the communities where we live and work"* (Coca-Cola 2010). However, CSR is used to distract from the company's unethical business practices such as depleting groundwater resources in areas in which bottling plants are located, thereby affecting the livelihood of the poor farmers by discharging wastewater into their lands (Christian

Aid 2004). This argument is also in line with Blowfield (2005:517), who dismissed CSR as a marketing opportunity for companies: *“Another way of looking at the business–development relationship is to see poor people as a marketing opportunity, and hence to talk about companies in terms of providing goods and services to the poor”*.

#### **2.4.2.3 PROBLEMATIC PROJECT DESIGN AND IMPLEMENTATION**

The designing and implementation of projects is another critical point not only in regard to the CSR debate, but also in the development agenda. Among opponents exists a considerable consensus about the importance of a more sustainable approach in the implementation of such initiatives. Frynas (2005: 586) claims that *“since the „business case’ drives CSR, it is not surprising that many corporate social initiatives do not go beyond narrowly philanthropic gestures such as donating objects like schoolbooks, mosquito nets or lifejackets to local communities, without any attempt to consult either the community itself or development specialists”*. Many CSR initiatives are carried out as imposed policies and strategies by multinational companies which make them unfeasible for local communities. According to Hamann (2006:191), companies’ assessments of their CSR initiatives impact *“is often starkly opposed to that of local communities”*.

On the one hand, opponents argue that corporations lack developmental expertise, and CSR initiatives are likely to fail if companies do not have the time or experience to tailor projects to the specific regional contexts, or incorporate the beneficiaries into the implementation (Sagebien and Whellams 2010; Frynas 2005). On the other hand, many NPOs are uncertain of the corporate agenda, and inexperienced and financially vulnerable organizations are often forced to reinvent themselves in order to fit into a company’s CSR agenda or developmental program (Seokoma 2009). Additionally, there are neither regulations nor legal frameworks when it comes to the implementation of such projects. The voluntary and discretionary nature of CSR makes it almost impossible to develop standard guidelines for companies. Consultation with communities, and the intended beneficiaries, is critical for establishing tangible projects. However, consultations with people from the communities seldom occur, and the intended beneficiaries are often not

incorporated in the planning and implementation phase. This argument is in accordance with Blowfield and Frynas (2005) who condemn implementation strategies of companies without a proper dialogue with stakeholder. In many CSR projects the involvement of beneficiaries is limited and, if CSR practitioners visit local communities, consultation may involve only one or several key community representatives (Frynas 2005).

## **2.5 CSR AND POST- DEVELOPMENT CRITIQUE**

As the literature highlighted, it is obvious that the relationship between CSR and development is critical. As per Sagebien and Whellams (2010:484), the “*CSR discourse has noisily entered the development agenda*”, and a review of websites of major corporations reveals an abundance of CSR activity in developing countries, often articulated in connection with the UN Millennium Development Goals. Beyond the debate as to whether CRS initiatives are addressing developmental challenges; development as a concept itself has also been at the centre of criticism. Scholars such as Illich and Escobar (1995) have challenged the very meaning of development. Escobar, one of the main castigators of the development industry, portrayed the concept of development as embedded in neo-colonial constructions of the world, and thereby as an ideological tool in global power relations. Gardner and Lewis (1996:3) also condemn development as a set of ideas and practices, that “*has historically functioned over the twentieth century as a mechanism for the colonial and neo-colonial domination of the South by the North*”. The following chapter will discuss the CSR debate in relation to the post-development critique.

### **2.5.1 THE TOP-DOWN DILEMMA**

The rise of the post-development critique emerged in the early 1990s as a response to the repeated failures of development projects. The post-development school articulates a harsh critique of the term development as well as institutions and concepts behind it. A major point of

grievance of the post-development school is the top-down and ethnocentric approaches of developmental interventions in developing countries. The current CSR agenda is also overwhelmingly shaped by actors in the North, a fact that has been harshly condemned by its opponents. This criticism emerged from the “*globalization debates of the 1990s, fuelled by revelations of environmental, labour and human rights abuses within the operations and supply chains of large, high-profile companies based in the North, but often operating in or sourcing from the South*” (Fox 2004:30). This censure is in line with the debates of the post-development school. The post-development critique is accusing such development approaches for implementing a particular Western knowledge, where outside experts are identifying the problems as well as formulating the solutions (Ziai 2004).

Antonio Vives (2004) described CSR initiatives as development done by the private sector. This statement becomes very questionable in the light of the post-development critique. CSR is embedded within the business strategies of a company, and the initiatives are mostly being designed and implemented by business executives without much consultation of the intended beneficiaries. Opponents of CSR initiatives argue that business executives are not qualified to make decisions about communities or local conditions and dynamics. According to Ziai (2004), it is important that developmental interventions abandon the top-down approach where „outsiders’ determine what needs to be done. It is important that the local people empower themselves to create their own change (ibid).

## **2.5.2 THE BUZZWORD DILEMMA**

*“The community that you started with last week may be a different one today”*

*(Sihlongonyane 2001:41)*

„Community’, „sustainability’, „culture’, „responsibility’, „empowerment’ or „upliftment’ are all buzzwords, frequently used in development as well as CSR jargon. Those terms are often applied to describe the engagement of companies in impoverished areas. However, what business executives and CSR practitioners understand by „community’ is not always the same as what it



means to the people who belong to a particular community. The term „community’ became a popular buzzword, despite the vague connotations in its meaning. Sihlongonyane (2001:34) criticizes how “*planners, politicians, journalists, and church people alike use the term in an almost ritualistic manner*”. According to Smith (1996: 250), “*of all the words in sociological discourse, „community’ is the one that most obviously comes from wonderland, in that it can mean just what you want*”.

Higgins (2007) for instance advocates a more critical approach when it comes to interrogating certain keywords. Post-development scholars argue that development itself is an invention and strategy by the so-called „First World’ countries to westernize and modernize the rest of the world (Escobar 1992). Hence, various developmental projects of the past, but even contemporary strategies, work with perspectives that regard local communities and cultures as static. As a result, these strategies are unsuccessful because they are built on cross standardizations and fail to understand local reality. This critique is compliant with Schech and Haggis (2000) account of development and culture, claiming that the depiction of culture in such a way not only ignores but is unable to grasp the dynamic qualities of cultural flows. This criticism can also be applied to the current CSR agenda. Many CSR initiatives fail to incorporate the intended beneficiaries into the planning, designing and implementation phase. Sihlongonyane (2001) argues that community is often imagined as static in a project. Hence, it is assumed that the „community’ as a whole needs help and the term is used to describe a certain area or informal settlement without differentiation.

### **2.5.3 THE HIDDEN AGENDA DILEMMA**

In the debates of the post-development school, it became apparent that developmental terms and language always come with a certain political agenda. A very good example of how language is linked with a certain political agenda is Ferguson’s account of the World Bank’s developmental engagement in Lesotho in the 1980s. His book *The Anti-politics Machine* reveals that development projects fail not only in Lesotho with predictable regularity, but also throughout the rest of the „Third World’ (1990). Ferguson seeks to investigate the discourse by which

development institutions operate within developing countries. He analysed the 1975 World Bank report on Lesotho and points out that it characterizes Lesotho as a traditional peasant society which was virtually untouched by modern economic development at the time of independence in 1966. During the implementation phase, power relations between the state and the villagers, as well as, between the urban and the rural areas were significantly restructured. Ferguson notes that the problematic and distorted depiction of Lesotho in the World Bank report is not the result of incompetence, but rather the consequence of a very particular agenda.

Mwaipopo-Ako (2001), who focuses on power relations in natural resource management, also stresses the fact that people have their own way of understanding their power as a way of making particular kinds of demands and performing particular kinds of practices in quest of their rights to natural resources. Many initiatives continue to maintain several misconceptions about the relationship of local people to their resources, and still fail to differentiate local populations in terms of factors such as gender, age, and status (ibid). Furthermore, most of the top-down approaches of contemporary strategies work with *“perspectives that regard local communities as static; thereby they often fail because these strategies are built on cross standardizations and do not take local realities into account”* (Mwaipopo-Ako 2001: 20).

## **2.6 DRIVERS OF CSR IN SOUTH AFRICA**

Across the globe, CSR is defined by its voluntary nature. In South Africa, however, CSR has to be seen in the context of the countries structural economic changes in the 1990s (Hamann 2009). Apartheid only ended in 1994, and the absence of governmental support for social development has required that companies embrace broader developmental objectives and engage more in social investment (ibid). If we talk about CSR in South Africa, we must also bear in mind the uneven distribution of resources between blacks and whites during the apartheid era (Lund-Thomsen 2005). The segregation policy had a profound impact on the society, and the current issues such as poverty, crime, unemployment and educational disparities are a result thereof.

Standards for service delivery, housing and infrastructure development, provision of health and educational services were intentionally reduced for black populations contrasted to white communities (ibid). Since 1994, political change and the efforts to balance the unequal distribution of wealth from the time of apartheid, has driven CSR forward (CSR Weltweit 2009).

The South African government plays a key role in the increasing prominence of CSR, since those initiatives are required and measured by legislation. *“Companies exist within a governance framework which is set by the law, regulations and codes of best practice”* (Naidoo 2009:27). The state introduced a number of initiatives that promote and encourage companies to focus on CSR. Vital for the involvement of companies in sustainable development today are a number of initiatives and this section will outline the two major ones, the King Reports on Corporate Governance and the Black Economic Empowerment Act (BEE). Since the scope of the thesis is confined to a CSR initiative in Cape Town, this section will help to develop a further understanding as to what drives CSR engagement in South Africa.

### **2.6.1 THE KING REPORTS ON GOOD GOVERNANCE**

*“Companies in South Africa must recognize that they coexist in an environment where many of the country's citizens disturbingly remain on the fringes of society's economic benefits*  
*(King 2002:17)*

The King Report is a publication that is aimed to manage corporate governance in South Africa. In 1992 the King Committee was formed under the auspice of the Institute of Directors of Southern Africa (IODSA 2010), to consider issues of financial reporting, accountability, good corporate practice and a code of ethical conduct for South African companies. The result was the King Report, which was first published in 1994, aimed to promote corporate governance and establish recommended standards of conduct for boards and directors of listed companies, with an emphasis on the need for companies to become a responsible part of the societies in which they operate (SAICA 2008). The report codified standards of governance applicable to listed companies on the Johannesburg Stock Exchange (JSE).

In 2002, the committee published the second King Report, which incorporated and introduced the concept of the „triple bottom line’ reporting. The idea behind the concept is that a corporation’s ultimate success can, and should, be measured not just by the traditional financial bottom line, but also by its social and environmental performance (Naidoo 2009). It drives companies to embrace the triple bottom line as a method of doing business. Hence, companies were required to report on their social and ethical practices which also included their BEE performance (ibid 2009). Although voluntary, the JSE has requested listed companies to comply with the King Report II recommendations, or to explain their level of non-compliance. *“A good corporate citizen, according to the King Report II, is increasingly seen as one that is non-discriminatory, non-exploitative, and responsible with regard to environmental and human rights issues” (IODSA 2010).* The King Report II has had a significant influence on CSR in South Africa, since it represents a powerful market-based driver for companies to engage in development. In addition, the JSE launched the Social Responsible Investing Index (SRI Index) in 2004, which recognized the strides listed companies on the JSE are making, in regard to the King II codes of corporate governance (JSE 2011). A result of these initiatives is that companies’ social responsibility must become incorporated into their core business strategies. The King Report II elevates a company’s significant triple bottom line reporting to its stakeholders, and the SRI Index enables investors to identify and invest in companies that are compliant with the King codes. Furthermore, in doing so, the report suggests that companies will enjoy benefits such as reputation, consumer loyalty, brand recognition, employee motivation and broader stakeholder satisfaction by acting responsible towards the environment and engaging in local community development.

## **2.6.2 BLACK ECONOMIC EMPOWERMENT ACT**

*“The Broad-Black Economic Empowerment strategy is a necessary government intervention to address the systematic exclusion of the majority of South Africans from full participation in the economy. The defining feature of Apartheid was the use of race to restrict and severely control access to the economy by black persons”*

*(DTI 2011)*

The state and national legislation play a central role in the development of the country's CSR agenda and the most important document that has lately influenced and determined CSR in South Africa is the Broad-Based Black Economic Empowerment (B-BBEE) act of 2003 (Fig 2005; Hamann 2009; Njenga and Smit 2007). The fundamental objective of the act is to advance economic transformation and enhance the economic participation of „black people' in the South African economy. According to the act, „black people' is a generic term which means Africans, Coloureds and Indians. Broad-based black economic empowerment means the economic empowerment of all black people including women, workers, youth, people with disabilities, and people living in rural areas through diverse but integrated socio-economic strategies (BEE 2011).

Under the act, CSR initiatives fall under socio-economic development as one of the seven measurable aspects of Broad-Based Black Economic Empowerment. Companies in South Africa are rated according to seven elements, covering various aspects of the economy, society and company (see Table 2.2). Furthermore, as *Table 2.3* shows, there is a distinction between companies in South Africa. Compliance requirements for B-BBEE vary according to the size of the entity which is measured by the annual turnover (DTI 2011). The Department of Trade and Industry (DTI) has developed a balanced generic scorecard to measure the extent to which corporations with an annual turnover of more than R35 million contribute to the B-BBEE (see table 2.4). Those targets set out by the government may differ from sector to sector, but are monitored in the form of detailed scorecards for each company (Fig 2005).

ELEMENTS	MEASUREMENTS
Ownership	Percentage of shares that are owned by black people
Management	Percentage of directors and top management that are black
Employment Equity	Percentage of black employees in the business
Skills Development	Amount of money spent on training of black employees
Procurement	The company's suppliers and their scores
Enterprise Development	The company's spend on other black owned enterprises
Socio-Economic Development	Measures a company's spend on charitable organizations

**Table 2.2:** Seven Elements of BEE Compliance (Econobee 2011)

<b>COMPANY TYPE AND ANNUAL TURNOVER</b>	<b>IMPLICATIONS</b>
<b>Exempt Micro Enterprise (EME)</b> Less than R5 Million	Clients of EME can claim at least 100% of their procurement spend towards their own B-BBEE scorecard. EME do not need to produce a scorecard as they are automatically qualified as BEE compliant.
<b>Qualifying Small Enterprise (QSE)</b> Between R5 and R35 Million	These companies are only measured on the best four of the seven elements of compliance. They have a simplified scorecard and do not need to score points in all of the seven elements.
<b>Generic</b> More than R35 Million	Major companies with more than R35 Million annual turnover have to comply with the generic scorecard, with all seven elements.

**Table 2.3:** Company Types in South Africa according to BEE (Econobee 2011)

<b>CORE COMPONENTS</b>	<b>BEE Element</b>	<b>Weighting</b>
DIRECT EMPOWERMENT	Ownership	20%
	Management	10%
HUMAN RESOURCE DEVELOPMENT	Employment Equity	150%
	Skills Development	15%
INDIRECT EMPOWERMENT	Preferential Procurement	20%
	Enterprise Development	15%
RESIDUAL	Socio-Economic Development	5%

**Table 2.4** B-BBEE Generic Scorecard Summary (Econobee 2011)

### 2.6.3 SUMMARY

The literature review highlighted that the CSR debate is multifaceted and encompasses a variety of activities (Groza et al. 2011). This chapter has attempted to point out the various standpoints of this debate in order to understand how and why companies engage in CSR initiatives. Furthermore, outlining the drivers of CSR in South Africa was relevant to clarify the ways in

which companies engage in CSR in South Africa. A review of the literature suggests that CSR initiatives of companies have a potential to contribute positively to sustainable development of impoverished communities, if implemented and planned in an inclusive and sensible way. However there are still gaps in the existing literature concerning the long-term impacts of such CSR initiatives on impoverished communities in South Africa. Arising from the literature review is the question whether CSR initiatives are sustainable beyond companies' engagement. Chapter four presents a case study of the iThemba School Capricorn, implemented by Lufthansa GTS, which will hopefully contribute to the existing gap in CSR literature.

# ***CHAPTER THREE***

## ***RESEARCH DESIGN & METHODOLOGY***

### **3.1 INTRODUCTION**

This chapter explains the research methods used for this thesis. It will outline the case selected, the aims and objectives of this study and how they were followed. Furthermore, it highlights the access to, and the selection of the participants for this study. The data collection methods are disclosed together with the techniques of data analysis.

### **3.2 RESEARCH DESIGN**

The design of this research is a single case study. It was undertaken within a qualitative framework and is primarily descriptive as well as exploratory. The descriptive nature of this research lies in the analysis of the organizational structures of the selected case, its processes, dynamics and approaches. According to Gray (2009), a descriptive study intends to draw a picture of a situation or event, and shows how things are related to each other. The exploratory purpose of this thesis is to identify questions and problems, develop recommendations and measures which can be used for further studies or projects.

The single case study approach was chosen because it allowed in-depth research on one organization and enabled the generation of multiple perspectives through multiple data collection methods (ibid). One further rationale was the study focused on contemporary events (ibid). As



already pointed out, CSR initiatives are becoming increasingly common in the field of development and almost every major company, particularly in South Africa, has its own CSR initiative. Although multiple case studies would allow for comparisons and generalizations, a single case study fulfilled the purpose of intensive description and analysis of a single organization. The researcher agrees with Punch (1998), who argues that the general objective is to develop a detailed understanding of the case. Furthermore, due to financial and time constraints, the scope of the research had to be limited to only one case. However, this limitations enabled a more thorough approach and analysis of the case selected.

### **3.3 RESEARCH METHODS**

#### **3.3.1 DATA COLLECTION**

A major strength in the data collection of a case study is the opportunity to use different sources of evidence (Yin 2009). Thus, as per Yin, any case study conclusion is likely to be more accurate if based on several different sources of information (ibid116). Yin particularly points out the usefulness of observation and systematic interviewing for case studies (ibid). Taking this into consideration, the following data collection methods have been used for this research:

- Document Analysis
- Semi-structured, in-depth Interviews
- Direct Observations

The document analysis provided valuable background information about the work of the organization as well as its implementation and planning phase. The following documents have been reviewed for the analysis:

- Minutes of board meetings from 2010 and 2011
- Annual Report of the iThemba School Philippi and the iThemba School Capricorn
- Administrative and strategic documents of the organization

- Correspondence between board members and project team of the NPO
- Promotion material: brochures of iThemba School Capricorn, PowerPoint presentations and monthly reports for supporters and donors.

Document analysis helped to supplement the information gathered using other methods. However, the researcher was aware that documents must be carefully used since they are not always accurate and may be biased (Yin 2009). Access to internal documents was granted by the chairperson of the iThemba School Capricorn NPO.

In addition to the document analysis, in-depth, semi-structured interviews were conducted with various groups of people. This method was chosen because it allowed me to obtain important information about attitudes and perceptions from people who either established this CSR initiative or work within the NPO and the community of Vrygrond. Insights into the organizational work have been gained through the internship at the iThemba School and through several site visits. Additionally, insights gained through the document analysis helped to formulate relevant key questions and categories for the interviews. The semi-structured format of these individual interviews allowed the researcher to ask the key questions in correlation with the research objectives. In addition, the semi-structured format of these interviews facilitated the probe for more detailed responses, where the participant is asked to clarify what they have said (Gray 2009). At the same time participants can be encouraged to offer their own definitions and perceptions. Interviews are often critical to the success of a case study, because they provide the researcher with insights into a matter and can also initiate access to contrary sources of evidence (Yin 2009). Gray highlights the value of interviews, if the objective of the research is largely exploratory, involving the examination of feelings of attitudes (2009). The interviews have been recorded with an MP3 recorder and transcribed after each session. Interpretations and categorizations of these interviews were organized in the analysis phase of this research.

The final method used for this research was direct observation. According to Yin (2009:109), “*a case study should take place in the natural setting of the case*”. In order to examine the CRS initiative of Lufthansa GTS, it was essential to spend time at the iThemba School Capricorn in Vrygrond. The researcher engaged in various staff meetings, parent meetings as well as school

activities. The researcher did not engage actively but stayed in the background taking notes, which were guided by certain criteria such as patterns of interaction, emerging issues, behaviour of participants and general impressions (Appendix A). Direct observation helped to obtain the perspectives of the people involved in this organization. Thus, observation and informal interviews have also been conducted with several parents of the children in order to gain their point of view about the benefits of this CSR initiative. Most of the observations have been made in the community of Vrygrond, engaging in „sidewalk activities’ and communicating with the residents. The observations were written down manually as field notes and transcribed after the field work. Observations on site helped to gain crucial background information and insight into the modus operandi of the organization. Furthermore, it allowed for a better understanding of the issues and problems in this area.

### **3.3.2 SELECTION OF PARTICIPANTS**

In order to obtain insights about the CSR initiative, interviews with different internal and external stakeholders were conducted. Two of the transcribed interviews are attached in the Appendix section (Appendix B and Appendix C). The interviewees of the research consisted of the following group of people:

- The Board Members of the iThemba School Capricorn, who are all GTS executives.
- The iThemba School management and staff.
- A member of the Vrygrond Community Development Trust (VCDT).
- Parents of the iThemba School Capricorn.

The decision to take the members of the Director’s Board of the iThemba School was made because of their involvement in the planning and implementation process. It also allowed the researcher insight into their perception about the CSR debate from a corporate standpoint. All five members of the board have been approached to participate. The second group consisted of the members of the school staff. It was important for the study to learn more about the organization and its employees and how they perceive the benefits of this CSR initiative. In order to obtain this information, the principal of the school and the school facilitator were selected as

interviewees. Additionally, one school teacher and the care-taker, who lives on the premises, were interviewed. Besides of the school principal, all participants live in Vrygrond. The chairman of the VCDT was chosen as an external stakeholder, since the school was built on the trust's land and the chairperson helped to facilitate the lease agreement with GTS in the implementation phase. The fourth group consisted of four parents, whose children are at the iThemba School. Interviews with the parents were critical for the study since they live and work in the community. The interviews with this group helped to find out about the challenges and problems and their view about the value of this CSR initiative for this community. The selection of participants for this sample was not simple, because most of the time children were picked up by their siblings. After classes were over every second adult was approached outside of the school as a potential participant for the study.

### **3.3.3 RESEARCH PROCESS**

The research for this thesis was conducted over a period of six months from October 2010 until March 2011. The document analysis phase started in October 2010 and ended with the internship in December 2010. The internal documents as well as several site visits to the iThemba School enabled the researcher to work out key questions for my interviews. The interviews as well as the observation for the main study were then conducted from November 2010 until the end of March 2011. After developing interview schedules for the study in October 2010, the participants of the research have been approached. The timeframe for the interview phase was two months, from February 2011 until the end of March 2011, in order to guarantee that all intended interviewees could set up a suitable date. The direct observation was conducted during two phases of this research. Some of the direct observation took place during the internship at the iThemba School Capricorn. However, since only limited amount of time was spend on site in Vrygrond, more research was conducted in February and March 2011. During the internship the researcher became acquaint with the care-taker of the iThemba School, a well-known and respected character in Vrygrond. He introduced the researcher to potential contacts and potential research sites, which further helped to become more familiar with the research area.

### 3.4 SAMPLES

#### 3.4.1 BOARD OF DIRECTORS SAMPLE

The interviews were conducted in a meeting room in the GTS building in Strand Street, Cape Town. The meeting rooms have been chosen in order to have privacy and to avoid any disturbances, which the offices of the respective executives would not have guaranteed.

<b>Name</b>	<b>Position at iThemba NPO</b>	<b>Date</b>
<b>BOARD 1</b>	Chairperson	29. January 2010
<b>BOARD 2</b>	Vice Chairperson	10. March 2011
<b>BOARD 3</b>	Treasurer	10. March 2011
<b>BOARD 4</b>	Secretary	16. March 2011
<b>BOARD 5</b>	Additional Board Member	24. March 2011

**Table 3.1** Board of Directors Sample

#### 3.3.3.2 ITHEMBA SCHOOL SAMPLE

The interviews were conducted at the staff room in the administration building of the school in Vrygrond. Interviews were scheduled after the school in order to prevent interference with the school curriculum.

<b>Name</b>	<b>Position at iThemba School</b>	<b>Date</b>
<b>SCHOOL 1</b>	Principal	10. March 2011
<b>SCHOOL 2</b>	School Facilitator	17. March 2011
<b>TEACH 1</b>	Pre-Primary School Teacher	24. February 2011
<b>STAFF 1</b>	Care-taker	09. March 2011

**Table 3.2** iThemba School Sample

### 3.4.3 COMMUNITY DEVELOPMENT TRUST SAMPLE

The interview with the Chairman of the VCDT was conducted at the staff room at the iThemba School in Vrygrond.

Name	Position at the Trust	Date
CHAIR 1	Chairman	14. March 2011

**Table 3.3** Vrygrond Community Development Trust Sample

### 3.4.4 SCHOOL PARENTS SAMPLE

Three of the interviews have been conducted outside the iThemba School, when participants picked up their children. One of the interviews has been conducted in the participant's house, after being invited to the home.

Name	Date
PARE 1	28. February 2011
PARE 2	12. March 2011
PARE 3	27. March 2011
PARE 4	12. March 2011

**Table 3.4** School Parents Sample

## 3.5 DATA ANALYSIS AND PRESENTATION

The process of analysing qualitative data involves making sense out of text, preparing it for analysis and making an interpretation of the larger meaning of the gathered data (Creswell 2009:183). The first step, after conducting interviews and direct observation, was to transcribe the data and the field notes and to arrange the data depending on the sources of information (ibid

183). After the transcription of the interviews and the field notes, the coding process was undertaken. The data was initially structured with an open coding procedure where the material was organized into initial key arguments, or codes, which emerged throughout the transcripts (Miles and Huberman 1994). The researcher decided to manually code instead of using computer software programs such as *Nvivo* or *Hypersearch* due to personal preference. The transcript prints have been read closely and repeatedly, as suggested by De Wet and Erasmus (2005), in order to identify emerging themes. The emerging codes have been underlined and written in the margins of the transcripts. These emerging codes helped to develop themes that recur throughout the transcripts. Those emerging themes and categories fell in line with the main research objectives. Afterward, the themes were listed and analysed for patterns and relationships between the identified themes.

### **3.6 ETHICAL CONSIDERATIONS AND LIMITATIONS**

There are several basic principles a researcher should follow in order to guarantee ethically sound research, especially if research involves human subjects (Punch 2006; Flick 2007). Since qualitative research implicates personal involvement, an ethical approach to research is important. During the research at the iThemba School Capricorn, the researcher engaged with various people and stakeholders of the NPO. The issues in an impoverished community such as Vrygrond are very complex. Coming from a different cultural background, the observations made on site only allowed for a description of these complex issues from an own perspective. The following ethical considerations were largely obtained from the British Sociological Association's code of ethics (BSA 2011).

Transparency about the research gave the person the chance to participate or to refuse to take part. The principal of the school has been asked for permission to observe the classes, the school procedures and to attend in staff meetings. Participants of this research have been informed fully about the researcher's position, the purpose of the research and for what the data will be used.

The privacy of the participants should be respected and confidentiality should be guaranteed. Before conducting interviews with participants, the researcher explained his position and the purpose of this study. Participants were informed that the interviews will be recorded and the names will be changed in the thesis to maintain confidentiality. In this thesis, the participants were not referred to by their real names. The names of interviewees have been changed according to their sample group (SCHOOL 1, BOARD 1, and so forth).

The participants of my research have been treated with respect and honesty. The researcher did not act in ways that could jeopardize a participant's professional or private welfare. The research took place in a very vulnerable and poor environment and most of the people live in underprivileged conditions. When a researcher approaches people to become participants of the study, as per Flick (2007:73), *"it should be certain that they do not suffer any disadvantages, harm or risks from taking part"*.

Due to the researcher's limited financial means, the scope of the study had to be limited to a single case study. A further rational for choosing a single case study design was due to the extensive time and resource requirements of a multiple case design. Furthermore, since the research findings are case specific, generalization about the role of CSR initiatives can only be made to the respective initiative under study. The findings of qualitative research are based on the researcher's interpretation of the participant's actions, words and responses. The limitation of qualitative research is that interpretation may be subjective or biased and can be based on misapprehended information.



# ***CHAPTER FOUR***

## ***RESEARCH FINDINGS***

### **4.1 INTRODUCTION**

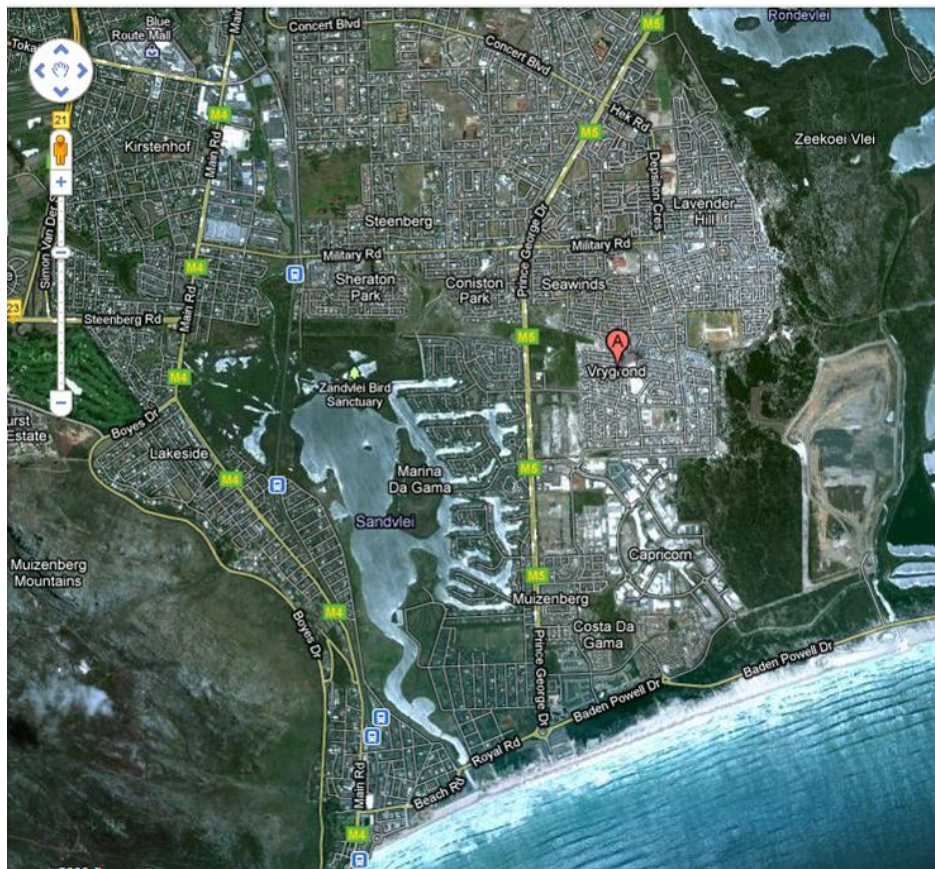
This chapter will present the research findings of this case study and an analysis of these. The first section will provide an overview of the research area and outline the organizational background of the specific CSR initiative under study. The background information has been obtained through interviews with the Board of Directors, annual reports, internal documents and the company's website. Furthermore, direct observation and onsite visits supplemented the information gained through the other methods of data collection. Section two will outline the analysis of the research findings, gained through the semi-structured, in-depth interviews and informal interviews conducted on site. The analysis is made in response to the research objectives, which include the analysis of the different perceptions of the various stakeholders about the benefits of CSR initiatives, the role of such CSR initiatives in impoverished communities and the contribution to development. The emerging themes and categories have been analysed and are discussed in response to the theories of the post-development school.

### **4.2 BACKGROUND INFORMATION**

#### **4.2.1 THE ITHEMBA SCHOOL CAPRICORN**

Lufthansa GTS engages in CSR through the establishment of the iThemba School Capricorn, a pre-primary school outside of Cape Town. A 20-minute drive from the CBD and across the road

from the fenced off and well protected residential area of Marina da Gama, lies Vrygrond on the periphery of the southern suburbs. Marina da Gama, which is 500 meters away from Vrygrond, is a picturesque resort area with almost all the houses built on the Zandvlei Lake - an inland water lake, connected to the sea. Vrygrond is one of the most impoverished areas of Cape Town and, according to the last government census, most household income is under 1000 Rand per month (City of Cape Town 1996).



**Figure 4.1** Map of Cape Town's Southern Suburbs (Google Earth 2011)

*Map 4.1* shows the area of Vrygrond with the adjoining Capricorn Business Park and Marina da Gama. The iThemba School Capricorn is located at the entrance of the Vrygrond community, close to the Capricorn Business Park. The school is a registered NPO and was founded in 2009 by the two main funding partners, Lufthansa GTS Group in Cape Town and Lufthansa HelpAlliance. The Lufthansa HelpAlliance, based in Germany, is a NPO run by Lufthansa employees. The majority of the funds come from GTS and Lufthansa HelpAlliance. The other

funds are raised through companies and private partners. iThemba means *hope* in isiXhosa and the school's philosophy is to give children in impoverished areas a head start by eliminating educational disparities and improving the quality of education offered. The emphasis is on numeracy, literacy and nutrition and classes are taught in English to equip young learners with the necessary skills to enter English-medium primary schools. The chairperson of the iThemba School Capricorn NPO explained the aims of the project as follows:

*“We are focusing on early childhood education because it is very important to start at an early age and in South Africa there is a lack of education. Particularly in this area, there are just a few crèches, and if you don't start with the three year old, then it's very, very difficult for the children to catch up once they get to Grade R, to the primary school. So, it is a prerequisite I believe to have a proper pre-primary school education in this area (BOARD 1, January 2011).”*

Their aims are:

- Bridge the educational gap for 75 children from the community of Vrygrond.
- Provide pre-primary children aged 3-6 with a safe and creative learning environment, where they can develop themselves.
- Emphasis is on numeracy, literacy and healthy nutrition. The classes are taught in English to equip the young learners, who mainly speak the African language of their parents, in preparation for the South African school system.

The organization provides:

- Early Childhood Development (ECD)
- English language tutoring
- Healthy and nutritious meals three times a day



**Figure 4.2** Staff of the iThemba School Capricorn with some of the children

The school has three classrooms, a main office for the principal as well as a major staff room for the teachers and its own kitchen. The focus is on provision of quality pre-primary education for 75 children from the age of three to six. The school employs a principal, a school facilitator, a cook and a kitchen assistant, three teachers and three assistant teachers as well as a care-taker. According to the strategic document of the NPO, one objective of this CSR initiative is job creation. Nine staff members have been recruited within the community of Vrygrond.

#### **4.2.2 THE ITHEMBA SCHOOL PHILLIPI**

The document analysis revealed that the iThemba School Capricorn was not the first project, GTS has implemented in Cape Town. In 2006, the company already established its first initiative, also a pre-primary school, in the community of Philippi. The iThemba School Philippi was launched together with the local Lutheran Community Centre as a partnership agreement. This partnership ended in 2008 and the iThemba School Philippi has been transferred and integrated into the structure of the local Lutheran Community Centre, which was renamed to iThemba Lebantu (iThemba Lebantu 2011).

The project did not work out as the Board of Directors expected. After two years of struggling to keep this initiative going, the board decided in a general meeting in 2008 to dissolve the partnership with the Lutheran Community centre and look out for new premises (*BOARD 3, March 2011*). According to the organization's website, the main reason for the termination of the engagement was that the school set-up in Philippi was not suitable for the planned expansion (iThemba School Capricorn 2011). *"The pre-primary school in Philippi was handed over to the local Lutheran Community Centre who now runs the school under their own auspices. The children of iThemba Philippi will continue to benefit from the legacy left by GTS Group for many years"*(*BOARD 1, January 2011*).

#### **4.2.4 VRYGROND**

The information gained through document analysis was not sufficient enough to apprehend the work of the organization. Therefore, being on site was crucial for this research in order to get a better understanding of the problems and the current condition of this area. Although the name Vrygrond is Afrikaans and means *free ground*, according to one of the participants of the study *"This is not a place to walk around at night"* (*Male, February 2011*). The chairperson of the VCDT (*CHAIR 1, March 2011*) argues that this community is struggling with high HIV/ AIDS rates, drug and alcohol abuse and a very high crime rate. The last official census was conducted in 1996 and it indicates a total population of 3.248, with roughly 40% Black and 60% Coloured residents (City of Cape Town 1996). Since then there has not been an accurate demographic profile of the area. However, the area seems to grow steadily and the number of residents tends to vary between 15.000 and 25.000 (*Chair 1, March 2011; SCHOOL 2, March 2011*).

Vrygrond appears to be a very poor area, with obvious signs of poverty and unemployment. Just a few parallel streets away from the iThemba School, the paved roads end (see Figure 4.3 and 4.4). There are many idle pieces of land that are unused and full of trash. A number of stray dogs are strolling around with mini taxis rushing through the paved streets.





**Figure 4.3** Unpaved sand roads in Vrygrond



**Figure 4.4** Unpaved sand roads in Vrygrond

So-called „shacks’ appear everywhere and they come in different shapes and sizes. Some of them are very rudimental while others seem to be in very good condition. The majority of the houses are made out of wood, corrugated iron and old car tires (see Figure 4.5 and 4.6).



**Figure 4.5** Picture of shacks in Vrygrond



**Figure 4.6** Adjoining shacks in Vrygrond



Everything seems to be improvised and not sealed adequately. Alongside the roads are numerous „spaza shops’, small shops such as convenience shops, hair salons, fruit stalls, butcheries (see Figure 4.7).



**Figure 4.7** Spaza Shop in Overcome Heights

At first sight, Vrygrond appeared run down and poor. However, after getting to know the place and the people, other characteristics came to light. The life happens on the street and those streets are filled with people. There is a distinctive vibe in the air and it seems that everyone knows everyone. The care-taker of the iThemba School helped to introduce the researcher to many residents and other ECD facilities. The people are very friendly in Vrygrond and were showed interested in this study. Although Vrygrond is an area with high crime rates, the researcher was mobile and never threatened. The dirtiness of the place was another feature that caught the attention in the beginning. However, some residents formed a voluntary group that engages in monthly clean up campaigns. *“I am embarrassed of all the trash here and the people who litter everything. But not all of us are like that and that’s why we come and clean up this place.”* one of the volunteers told me (Male, March 2011). *“Vrygrond can indeed be a nice place if more people start acting responsible”*. Besides the masses of provisional shacks, there are also many well-kept houses. It seems that people put a lot of effort in their homes and their surroundings.



## 4.3 ANALYSIS OF RESEARCH FINDINGS

The case study of the iThemba School Capricorn helped to shed light on a number of questions regarding the role of CSR in development. The observation phase of this study helped to get an idea of the current situation Vrygrond and to put information gained through the document analysis into context. The semi-structured interviews with different stakeholders of this NPO allowed the researcher to ask the key questions in correlation with the research objectives. During the data analysis reoccurring themes emerged. Those emerging themes and categories fell in line with the main research objectives. This chapter will present and discuss the key findings of the research.

### 4.3.1 MAJOR PROBLEMS IN VRYGROND

This section will summarize the perception of the participants of this research about the major issues and problems, the community is struggling with. Responses to the question: *“From your point of view, what are the main challenges and issues in this community”* will be discussed.

#### 4.3.1.1 LIVING IN POVERTY

Vrygrond is facing many social issues and all of the participants of this study agreed, that poverty is one of the major problems in poor communities. A lot of the parents of the iThemba School live on 250 Rand per month child support grants, according to the Principal. *“For that money they many go and buy drinks and drugs. And then of course a lot of the children don’t get food to eat (SCHOOL 1, February 2011)”*. This was also in line with the teachers of the school, who mentioned that the meals they receive at the school are most of the time the only meals of the day. *“They come hungry to school because many parents can’t afford food (TEACH 1, February 2011)”*. During a conversation about the backgrounds of the children, the school facilitator mentioned *“almost 60% of the children come from Overcome Heights, the poorest*

*area of this community (SCHOOL 2, March 2011)*". Overcome Heights is an extremely poor squatter camp, built on the sand dunes behind Vrygrond. A lot of shacks string together with almost no space between them (see Figure 4.8).



**Figure 4.8** View of Overcome Heights in Vrygrond from the top of the sand dunes

According to care-taker (*STAFF1, February 2011*), the homes are very basic structures with no electricity, isolation or running water. The housing situation is one of the most pressing issues in this country and Overcome Heights is just one of many examples. There are still approximately 8.5 million people in South Africa that live in slum conditions (City of Cape Town, 2006).

Parents of the iThemba School children, who live in this area, have also been visited during the research. Most of the homes appeared to be very basic and the quality of the buildings is very low. *"There is very little protection from the weather here, especially in winter when it gets very cold; when there is heavy wind and heavy rain (Male, February 2011)"*. Almost all of the participants of this research complained about the issues of poor housing. *"Look man, we have no heater in our home and it can get very chilly during winter here" (Female, February 2011)*. The majority of houses are built without toilets and the residents have to rely on public toilet facilities, which are provided infrequently, and located at the entrance of the squatter camp. *"We don't have good houses and we don't have toilets in the houses. When it's raining, we need to find a place to sleep- where the rain doesn't reach you (Female, February 2011)"*.

The responses from the Board of Director's sample did not much differ from the responses of the other participants. Poverty was stated to be the biggest issue in Vrygrond and all of the

interviewees concurred that the community is in dire need of help. *“It is a problematic area and the children need a good start because they come from very poor backgrounds (SCHOOL 1, March 2011).”*

#### **4.3.1.2 LACK OF EDUCATIONAL FACILITIES**

Another major problem in Vrygrond, according to the interviewees, is the lack of schools. The government is expected to build more schools (PARE 2, February 2011), in order to cover for all the children in this area. This was also confirmed by one of the teachers: *“Look man, there are no schools for all of these kids. We need ten iThemba Schools in this area for all those youngsters in this community (TEACH 1, February 2011)”*. A lot of people blame the government for the poor state of the schooling system and the employees of the school are very upset about the situation. According to the majority of participants, there has been no commitment on the part of the government to improve education at a grassroots level and to make pre-school education compulsory, and more importantly, accessible in poorer areas such as Vrygrond. *“The South African government must take the biggest chunk of the blame for the mess education in South Africa finds itself” (SCHOOL 2, March 2011)*. Although there are a few private crèches, iThemba is the only pre-primary and the Capricorn Primary the only primary school in this area. The fact that there are so many children on the streets, instead of being in school, validated these statements (see Figure 4.9 and 4.10).



**Figure 4.9** Kids playing in the streets



**Figure 4.10** A common sight in Vrygrond

ECD is essential in an impoverished area such as Vrygrond, because it sets the foundation for a child's school career, according to the principal (March 2011). *"There are so many children that would need such an education. They struggle because they come from Xhosa or Afrikaans families that don't speak English. Without pre-primary schools they fall behind"* (TEACH 1, February). This criticism was also in line with one of the board members of the organization. *"It*

*(iThemba) is just a drop in the ocean because there is a need for more schools in this area”, according to BOARD 5 (March 2011). One of the interviewees even spoke of the government’s impediments for organizations that want to engage in this field. “My perception is that people who try to establish such facilities are thwarted in their efforts by all the red tape the government has put in place (SCHOOL 2, March 2011)”.*

#### **4.3.1.3 CRIME AND DRUG ABUSE**

Alcohol and drug abuse was mentioned in almost all of the interviews and informal conversations on site. There was a notion that illegal substance abuse, especially ‘tik’ (Methamphetamine), is thriving. Many interviewees consider drug abuse as one of the major problems in this area. The responses of the GTS sample did not differ from other participants of the study. Crime, poverty, unemployment and drugs seemed to be the biggest issues in this area. According to BOARD 3 (March 2011), *“crime and gang membership are one of the biggest problems at the moment”.*

*“Tik gives the poor people uplift” as per one interviewee, “it helps them to forget all their sorrows (Male, January 2011)”.* Many of the parents are either addicted to drugs or to alcohol (STAFF 1, March 2011). The principal complained about the illegal ‘shebeen’ (little bar or pub in the townships, some of them operate illegally without license) right across from the school and mentioned that *“people are already getting drunk in the daytime (SCHOOL 1, February 2011)”.* This shebeen has been raided by the police several times, according to the principal, because it served as a drug labor for tik.

According to SCHOOL 1 (February 2011), there seems to be a direct connection between the thriving drug problem and the increasing gang violence in this area. Another participant claimed that *“in Vrygrond there is very little respect for lives. The gangs rule this community and the police don’t even bother to come here at night (Male, March 2011)”.* In February 2011, two iThemba School children lost their fathers as a result of gang violence, according to the care-taker (February 2011). He complained about the worsening situation. *“I was a gangster myself*

*before I found god. In my time, we used our fists to settle things. These gangsters today kill you for nothing. I hear them at night when they hide from the police on the lot next to the school or when they test their guns or smoke tik (STAFF 1, February 2011)”. In March 2011, a man was stabbed and injured right in front of the school. One of the parents expressed his concerns “Violence and gang fights took place during night time in the past, but the situation becomes worst every day. Now they fight also during the day. Do you see what we are dealing with here every day? Luckily our kids were in class and couldn’t see it (PARE 4, March 2011)”.*

#### **4.3.1.4 UNEMPLOYMENT**

*“There are no jobs here, people are desperate and they get really frustrated with their lives. They feel useless if they do not work”*  
*(PARE 1, February 2011)*

One of the observations of the study was that many people, from teenagers to adults, gather on the street. This becomes most apparent on the main road, the M5, where numerous people were waiting to be picked up for the occasional job. While touching upon this topic during a conversation, one of the neighbors of the iThemba School stated that just a few people have permanent occupation: *“They are just sitting here all day and waiting for a bakkie (a pickup truck) to pick them up. See man, they are just day workers, nothing permanent, no perspective. One day you have a job, one day you don’t” (Male, January 2011).*

The majority of interviewees stated that unemployment is one of the biggest concerns. On many occasions they talked about the high unemployment rate in this area. *“You have to change the life cycle here in Vrygrond”, one teacher stated (TEACH 1, February 2011). “That life cycle is to get babies now or just being unemployed and doing nothing. A decent job and a decent education mean also a better self-esteem. Now they just think they are useless. This area needs jobs, people are desperate for jobs”.* At night, as per the care-taker, people try to hop the fence of the iThemba School in order to steal the copper pipes, which can be sold to a scrap metal spaza shop. *“They would strip the whole school if I would not live here (on the premises) and chase them away. If you have no job, you have to find other ways to fill your empty stomach or*

*buy your tik (STAFF 1, March 2011)”. Throughout this research almost all of the participants from Vrygrond complained about the lack of employment opportunities. This frustration might be also interlinked, to some extent, with the high rates of alcohol and drug abuse in the area. The interviewees from the school sample as well as many participants confirmed this assumption. “A lot of these people don’t have jobs here; their self-esteem is low because they haven’t finished school, they think they’re useless and they won’t get job, so they drink or take drugs” (SCHOOL 1, March 2011). One participant stated half-jestingly, that her husband is always drunk, because he has no job and nothing to do. “He is a dronkie (a drunk); he just sits around all day and drinks” (Female, February 2011).*

#### **4.3.2 MOTIVATION OF COMPANIES FOR CSR**

As the previous section highlighted, there was a mutual understanding amongst all the participants that there is a need for help in Vrygrond. Furthermore, it outlined the pressing issues and social problems of the research area. Many opponents of CSR are sceptical about the affiliation of CSR and development. For instance, Sagebien and Whellams (2010) stress the fact that the main motivation for companies to engage in development is for commercial and not developmental reasons. One research objectives was to discover why GTS engaged in development and launched this CSR initiative. The responses of the GTS executives were scrutinized in order to see if they differ from the perceptions of the other stakeholders. The responses to the question: “*What was the motivation of Lufthansa GTS to establish this CSR initiative*” are discussed in this section.

#### 4.3.2.1 THE NEED TO DO SOMETHING

*“We believe in giving back to the communities we operate in.”*

*(Lufthansa GTS Slogan, GTS 2011)*

All of the interviewees from the Board of Directors sample agreed, that this area is in absolute need of schools and employment opportunities. According to one of the board members (*BOARD 2 March 2011*), *“there was an absolute need to establish a school in this area.”*

*“From a Vrygrond point of view, you just need to go there to understand why we chose it (BOARD 2, March 2011)”*. The board members argue that the area has very little infrastructure and is struggling with issues such as crime, poverty and unemployment. The majority of the participants furthermore stated that education is the key to change the fate of impoverished communities in South Africa. The basic idea behind opening a school, in accordance with all of the board members, was to enable children to contribute to society themselves. *“The motivation behind it was that we (GTS) believe that education and education of children from a very young age would lead to education of the community. Education is absolutely the key in order to facilitate the turnaround of underdeveloped communities. We established this project because at that time the need was on the people aspect of what was needed in Southern Cape Town (BOARD 2 March 2011)”*.

There was a focus on what was needed in the impoverished areas of southern Cape Town and the motivation for engaging in CSR came from the lack of ECD facilities in South Africa (*BOARD 3, March 2011*). Additionally, there was a basic understanding amongst the GTS sample that companies in South Africa need to get involved in development. A common response for the company's engagement was given by *BOARD 4 (March 2011)*, who stated that *“GTS is very successful and needs to give back.”*

The engagement of the company seemed to be based upon philanthropic principals. The interesting fact is that all of the board members stated more or less the same, using slogans such as *„giving back to the community we operate in’, „we need to help’, or „for a better future’*.



These statements were used frequently and underline the basic perception of this sample: there is a common understanding that a company needs to be responsible and that education is the key to help impoverished communities.

The principal of the school did not challenge these motives, stating that the reason for this CSR initiative was based upon philanthropic motives. GTS wanted to “*the community and the children to get a better future*” (SCHOOL 1, February 2011). Furthermore, all of the parents interviewed agreed that GTS established the iThemba School Capricorn in order to provide poor children with a good education. “*It is a big company and they have money to help us* (PARE 3, March 2011)”. “*GTS wants to help the children to get a better education*” as per one parent (PARE, 4. March 2011).

#### **4.3.2.2 BEE BENEFITS AND MARKETING FAVOUR**

*“Basically the whole idea was obviously the BEE codes”*

*(BOARD 3, March 2011)*

The section above highlights that many of the stakeholders believe in the charitable nature of the company. Most of the staff of the school shared the same perception. However, according to one of the interviewees, GTS primarily invested in Vrygrond “*because like all big companies they have a social responsibility department and they are looking for ways to invest their social responsibility money in a meaningful way* (CHAIR 1, March 2011)”.

While drawing attention to challenges about the philanthropic nature of GTSS engagement in development, immediately more pragmatic responses were received. For instance, BOARD 5 (March 2011) claims that it is „impossible’ to run a business in South Africa without „giving back to the communities’. After the researcher claimed that it is possible to run a business without giving back, the interviewee elaborated this statement. “*This is coming from a major corporation’s point of view. Sure you can run a business without it, but I am talking about a big company now*” (ibid).

As previously mentioned, CSR initiatives have been condemned as attempts to improve the reputation of a company. Hence, the main motivation for companies to engage in CSR is for commercial reasons (Blowfield 2005; Harwood et al. 2011). The statement above certainly validates this point. After challenging the company's philanthropic purposes, all of the board members confirmed, that there were more important reasons for engaging in CSR. One of the interviewees explicitly pointed out the fact, that *"basically the whole idea was obviously the BEE codes. The Black Economic Empowerment, one of the pillars is your involvement in social responsibility that counts points for you. Obviously it counts in your marketing favor; it counts in your BEE ratio that is worth things (BOARD 3, March 2011)"*.

Socio-economic development, as mentioned, is one of the seven pillars of the BEE and measures companies spend on assisting charitable organizations. The BEE rating is South Africa specific and encourages companies to engage in development. *BOARD 5 (March 2011)* got to the point by concluding that *"since many employees at GTS are non black South Africans, we had to invest in other areas to get our points"*. In addition, the company found it convenient to invest in Vrygrond, as per *SCHOOL 2 (March 2011)*: *"The criterion of a black community was partially satisfied in the sense, that they could have Black and so-called Coloured children for their BEE rating"*. In this light, statements such as „giving back to the communities’ or „the need to engage’ underlines the obvious marketing aspect to CSR. As per one interviewee (*BOARD 4, March 2011*), GTS is *"in fact using it (the iThemba School Capricorn) as a marketing tool and a recruitment tool for our job advertisements. CSR definitely helps to establish a social-conscious brand name for the company"*.

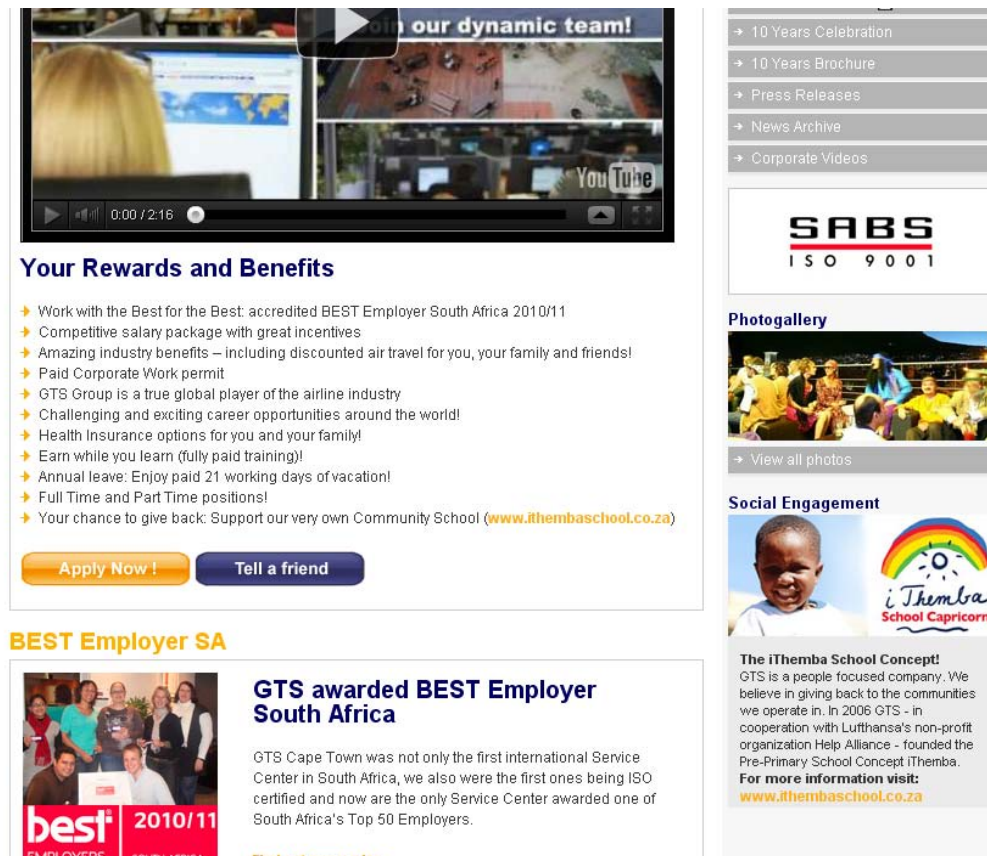


Figure 4.11 Screenshot of Lufthansa GTS website (GTS 2011)

The iThemba School Capricorn receives a lot of media coverage and the fact that the initiative is promoted on every internal and external media channel of the company (see Figure 4.11) affirms the above statement. The intensified media presence also highlights the importance of reputation for the private sector and that engaging in CSR makes good business sense for companies. CSR initiatives create a sound business environment for the customers and also for the employees (Hamann 2006, Pelosa and Shang 2011, Groza et al. 2011). “Sure, it works also in their favour”, as per one participant. “GTS gets the points for BEE and they have good marketing (SCHOOL2, March 2011)”. Considering such statements it becomes apparent that besides the charitable character of this initiative, there is an even stronger marketing driven reason for the company’s engagement in CSR. According to Sagebien and Whellams (2010), CSR is often used as a public relation tactic of corporations to improve their public image. This tells us a great deal about the real motivation of companies and the need to invest in other areas to get BEE points for the ratings appeared to be the main driver of such developmental engagements. There is an undeniable benefit for GTSs engagement in development, as the section has demonstrated. Groza

(et al. 2011:649) argues that consumers today have increased access to information regarding the social behaviour of companies. It furthermore affirms the statement of Humphrey (2000) that everything a company now does is in the public gaze. Reputation is extremely important for any major company, and GTS is no exception. Although the company promotes the iThemba School Capricorn as their contribution to positive development and as „giving back to the community’, there is an indisputable business benefit for GTS. Be it in terms of BEE ratings or in terms of promoting the firm’s business practices as social responsible. This is also in line with Blowfield’s (2005) criticism who contends that companies regard poor people as marketing opportunities.

### **4.3.3 IMPLEMENTATION**

The implementation of development projects is the centre of discussion and one of the main points of grievance in the post-development critique. As previously mentioned, many scholars are very critical about CSR initiatives. The notion of development done by the private sector implies that business executives are in charge of designing and planning development projects (Frynas 2005). Companies often start implementing without any attempt to consult either the community itself or development specialists. With this in mind, it was important to investigate, how the project was implemented, if and how the company aligned itself with the intended beneficiaries, and if they followed any guidelines. This section will discuss the responses of how GTS implemented, planned and initiated the company’s CSR initiatives.

#### **4.3.3.1 FAILURE**

*“We learned our lessons through quite an error”.*

*(BOARD 3, March 2011)*

As the research revealed, GTS already implemented a CSR project in Philippi. All of the board members admitted freely that they committed some errors in the implementation of the first CSR

initiative. Although the researcher received very vague answers about the issues it seemed that there has been some discontent and frustration within the community and their partners. As per one interviewee, *“they (GTS) were having trouble with their land and they were being kicked out of that. I guess it didn’t work out because of political reasons and problems with the community”* (School 2, March 2011). According to the GTS sample, the prime cause for the failure of this project was their lack of knowledge and skills of implementing such an initiative. They did not hire any experts or development consultant for the designing and implementation of this initiative (BOARD 1 January 2011). BOARD 2 (March 2011) addressed this issue by saying that *“it was just a basic understanding of wanting to help, and doing that by opening a school. I don’t think there was a specific strategy behind that”*. The statement of BOARD 3 (March 2011) corroborates the fact that no specific strategy or guidelines were followed in the implementation process. *“We had an idea, we wanted to do it and the rest developed afterwards. With the first project, we learned our lessons through quite an error as well. We did not have any people around us by that time to advise us properly”*. In addition to this, as per BOARD 1, (January 2011), the group of executives involved in the planning were unaware of the complications that may occur during implementation: *“Initially we did not know, what to do and how to do it; or what the implications are, but that didn’t stop us”*.

Proponents of CSR argue that business can bring along a set of skills and strategic approaches that can be helpful to address problems of underdevelopment. However, the findings of the board of director’s sample clearly invalidate this statement. According to the minutes of several general board meetings of the NPO, the former Human Resource manager was in charge of the designing and planning of this initiative. The reasons for not employing any experts and for not having a proper CSR department were also due to financial constraints. *“Due to the lean managing structure of GTS and the cost cutting measures there was no CSR department to do this implementation”* (BOARD 5, March 2011). This emphasises that no expert in the field of education or development has been employed to consult the designing and implementation. According to Sagebien and Whellams (2010), corporations lack developmental expertise, and CSR initiatives are likely to fail if companies do not have the time or experience to tailor projects to the specific regional contexts, or incorporate the beneficiaries into the implementation. Furthermore, CSR initiatives are business driven with the main focus on profit and benefits for

the company instead on development. *“Since delivering development is not a primary motive for companies (...), the business case frequently leads to the failure of projects”* (Frynas 2005:587).

In conclusion, this section exposes two main findings in line with the post-development critique. Firstly, the way the first project was being implemented can be seen as a top-down approach by GTS. Statements like the following further validate this point of critique: *“This is what we needed to do and we kicked it off (BOARD 2, March 2011)”*. BOARD 1 also admitted that they didn’t know how to implement such an initiative, but they ‘did it anyway’. These two statements expressly underline a certain business attitude when it comes to implementation. This is what ‘we’ (the company) ‘need to do’ displays a valid example of the real motives of the company. It is apparent that a company feels the ‘need’ since the main drivers for this CSR initiative were BEE regulations and obviously the marketing benefits.

The designing and implementing of development projects without much consultation of experts is a further point of critique. In this case, GTS executives, in their attempt for BEE compliance and a good reputation, started this initiative without any consultation. Another reason for the failure of this first CSR initiative has to be seen in the lack of expertise. CSR is embedded within the business strategies of a company, and the initiatives are mostly being designed and implemented by business executives without developmental knowledge. This finding is also congruent with Frynas (2005), who stresses that corporations lack development expertise.

#### **4.3.3.2 THE SECOND ATTEMPT**

*“It would have never worked if the community hadn’t been involved”*

*(BOARD 4, March 2011)*

The lack of consultation and incorporation of intended beneficiaries is at the heart of the CSR debate. Hence, it was critical to find out more about the way GTS implemented its second CSR initiative. Responses to the question of how the iThemba School Capricorn has been implemented are discussed in this section.

#### 4.3.3.3 STAKEHOLDER DIALOGUE

In the interviews with the board members it became apparent that a different approach to implementation has been chosen. All of the interviewees from the GTS sample admitted that collaboration with the community was critical for the success of the second initiative. According to *BOARD 2 (March 2011)*, a lot more research and negotiations with community representatives took place before the implementation: *“The community portion was extremely critical and is still extremely critical in the successful running of the school. We facilitated conversations and discussions with all of the key players inside of that community”*.

*BOARD 1 (January 2011)* claimed that GTS conducted multiple site visits and invited certain community leaders to facilitated discussions about the plan to set up a school. *BOARD 4 (March 2011)* also referred to the importance of the community. *“There was a lot of collaboration going on when the school was first built. Obviously you need the buy-in of the community. It would have never worked if the community hadn’t been involved”*. These statements underline that the company has learned from initial errors and tried to engage more with the so-called ‘community’.

Additionally, a school facilitator has been employed to help with the designing and implementation of the iThemba School Capricorn (*BOARD 5, March 2011*). The facilitator had the role of finding available land and facilitated the stakeholder dialogue with the community representatives. *SCHOOL 2 (March 2011)* described his involvement as follows: *“I was asked by GTS to source land in an impoverished area, preferably black”*. ‘Preferably black’ indicates that the company had to fulfil certain BEE requirements. According to the chairperson of the NPO (*BOARD 1, January 2011*), *“The school facilitator was employed to function as the link between the company and the community stakeholders”*.

During the planning phase GTS secured a lot through the VCDT, which owns various pieces of land in Vrygrond. According to *CHAIR 1 (March 2011)*, the trust *“was the main body that they (GTS) used. Our trust is linked with the community or is supposed to be. So we met and I introduced the GST people to our trustees who live in Vrygrond. So it was very much a collaborative act. All of our trustees were involved”*.

The principal of the school, together with the other participants from the school sample, had very little input in the planning process. *SCHOOL 1 (March 2011) stated: "I guess they had to work with CHAIR 1 because he is the chairperson of Capricorn, so they had to work with him. We just had to get the children and we went for interviews to get the staff and that's how we started"*. The teachers also confirmed their little involvement in the designing of the project. *"We were not much involved in the whole planning process"* (TEACH 1, February 2011). It was interesting to see how the different stakeholders perceived their involvement in the implementation phase of this CSR initiative. All of the interviewees from the GTS sample confirmed that the community aspect is extremely important for the success of the initiative. Furthermore, they all affirmed that the company was searching to align itself with the community. Most participants of the school sample assumed that GTS had to work with the VCDT in order to set up the school. However, it is questionable that the intended beneficiaries, such as the parents and the teachers from this community had any say in the designing and planning process. The following section will elaborate on this critique.

#### **4.3.3.4 THE HIDDEN AGENDA**

The more the topic of collaboration with the community was scrutinized, the more it became apparent that in reality only few people were in charge. Opponents and critics of development initiatives, such as Ferguson (1990), note that many projects follow a very particular agenda.

*School 2 (March 2011) claimed: "I had to design all the operational systems for the running of the school; I was also responsible for drawing up a budget. I was the so-called Corporate Social Investment Manager but it soon became very evident that the manager from HR (GTS) would call the tune"*. He also complained about the lack of involvement of the intended beneficiaries in the school management. *"I would have given the community a more meaningful say in the school by inviting them to serve on the governing body"* (SCHOOL 2, March 2011).

The chairman of the VCDT was also very candid about the so-called collaboration of GTS with the community: *"When you say people work with the community, it's usually one or two people*



*who drive every project. In Vrygrond I am the driver of most projects for a whole lot of reasons. I am the only outsider. I'm the educated person. I've got the ability to pick up phones and speak to people and stuff"* (CHAIR 1, March 2011). He stated that he was almost the sole link in „making it happen' with GTS. Another interesting statement was given by one of the board members of the NPO, who confirmed that *"Obviously, there is a „what is in for me attitude' as well"* (BOARD 5, 2011)

These statements touch upon two different aspects of the CSR debate around the implementation of such initiatives. Firstly, the fact that the company employed a development specialist can be seen as a step in the right direction. It is obvious that the Board of Directors has learned from failures of the past. Fryna's (2005) claims that the „business case' drives CSR activities and that many initiatives do not go beyond narrowly philanthropic gestures such as donating objects like schoolbooks to local communities without any attempt to consult either the community itself or development specialists. With the building of a pre-primary school, GTS went beyond philanthropic gestures as well. Additionally, since they employed an expert in this field, this critique is not entirely applicable.

Nevertheless, these statements reveal the power relations that exist in developmental projects. In particular, the interview with the chairman of the VCDT reveals that only a few people were in charge and made decisions for what most of the interviewees called „the community'. CSR opponents such as Blowfield and Frynas (2005) condemn implementation strategies of companies without a proper stakeholder dialogue. The involvement of beneficiaries is limited and, according to Frynas (2005), if CSR practitioners visit local communities, consultation may involve only one or several key community representatives. It is undeniable that even with the consultation of a development expert, the company, together with the chairman of the VCDT, was in charge of the decision making process. It is exactly the „we do it our way' and „what is in there for me' attitude, where outsiders determine what need to be done, that has been so harshly criticized by post-development scholar like Ziai (2004) or Escobar (1996). Blowfield (2005) speaks about the negotiable and non-negotiable values in CSR initiatives. It has become obvious that GTS engaged with the community, employed development experts and facilitated stakeholder dialogue, but only on the company's terms. As mentioned by the school facilitator, *"The manager from HR would call the tune"* (SCHOOL 2, March 2011). This point of critique is

confirmed by the fact that no member from the community was elected on either the management board of the school or the Board of Directors of the NPO.

#### 4.3.3.5 WHAT IS THE ‘COMMUNITY’?

The word ‘community’ appeared to be one of the buzzwords of the study. The term was mentioned very frequently in all of the interviews and conversations. Smith’s (1996:250) critique of the inflationary use of such buzzwords is very much applicable to this case: *“Of all the words in sociological discourse, “community” is the one that most obviously comes from wonderland, in that it can mean just what you want”*. All of the board members used the word freely without clarifying what they actually meant by ‘community’. However, it is essential to point out that the term was used in a very different manner by the various stakeholders of the NPO. In the interviews with the parents of the iThemba School and the conversations made during the observation phase, responses concerning community were very different to the assertions of the GTS sample and the VCDT sample. One of the interviewees told me that there are *“Hundreds of communities in Vrygrond. It just depends with who you speak”* (PARE 4, March 2011). Another participant further disclosed that there are numerous different groups and clusters within this area: *“There are the Blacks, the Coloureds, the Muslims, the Afrikaans speakers, the Xhosa speakers, guys from Zim (Zimbabwe). Eish, there are so many different groups here, just in Vrygrond”* (Male, February 2011). In the light of these findings, statements such as ‘collaborating with community’ or ‘the community needs help’ have to be challenged. It is assumed that the community as a whole needs help and the term is used to describe a certain area without any differentiation.

To perceive local communities as static is at the heart of many post-development critics such as Mwaipopo-Ako (2001) or Sihlongonyane (2001). Mwaipopo-Ako (2001:20) challenges the top-down approach of such initiatives, which work with *“perspectives that regard local communities as static; thereby they often fail because these strategies are built on cross standardizations and do not take local realities into account”*. With this in mind, the fact that the chairman of the VCDT describes himself as the one who decides for the whole community becomes very questionable. However, this seems to be the reality in many developmental projects, as these

findings reveal. It became evident during the case study that only a few people were in charge. The GTS executives did not collaborate with the community as such, but with the one key player, who would organize their land and pave the way for the implementation of the CSR initiative.

#### **4.3.4 IMPORTANCE OF CSR FOR DEVELOPMENT**

The debates around CSR and its implication for sustainable development are still very controversial and a major point of contention. One of the main objectives of this research was to investigate whether CSR is contributing to pressing issues in impoverished areas. Therefore, it was essential to establish the perception of the various stakeholders of this initiative, in order to determine whether CSR meets the needs of the intended beneficiaries. Questions about the role and the importance of this CSR initiative will be discussed in this section.

##### **4.3.4.1 FILLING THE GAP**

*“The existing problems in South Africa, such as poverty and unemployment are too vast to tackle alone; it needs companies to fill in the gaps”.*

*(BOARD 1, January 2011)*

Almost all the participants of the study made references about the so-called ‘government gap’. The entire Board of Director’s sample agreed that there is definitely a need for companies to fill in: *“I think without the companies backing community upliftment programs, (...) it is very difficult for the government to achieve this part. And I don’t think, (...) the government itself has the infrastructure or process necessary in place to be able to do it” (BOARD 2, March 2011).* The chairperson of the NPO claimed that companies are important for development, because *“they do the work, the government can’t” (BOARD 1, January 2011).* The general perception is that the government cannot deliver. *“I mean if you look at for example Vrygrond, there isn’t*

*necessarily access to pre-primary education in the area. And with the project we are just filling that gap” (BOARD 4, March 2011).*

The responses of the other interviewees were in line with the GTS sample. One member of the school management claims that the South African Government *“Must take the biggest chunk of the blame for the mess education in South Africa finds itself” (SCHOOL 2, March 2011).* The participant continues to accuse the government for its lack of commitment to improve education at grassroots level. According to the interviewee, pre-primary education should be compulsory and more accessible in poor areas. This is in accordance with the other participants of the school sample: *“Definitely, the government, especially in this area. This area is so big; I think there must be close to 20,000 people by now because this area grows bigger and bigger. And here is only one primary school and we are the only pre-primary school. So the government has to have more schools in this area to cover for all the children that are here” (SCHOOL 1, March 2011).*

This topic was also discussed in one of the staff meetings the researcher attended in February. The debate during this meeting revealed a common dissatisfaction with the government’s role in this area. *“The government doesn’t see the importance of pre-primary education. It is so critical that these kids here get a good start. They fall behind if you don’t start early” (TEACH 1, February 2011).* One participant stated that there are many little crèches in Vrygrond, which receive almost no support from the government. *“Look, they don’t have the skills or the money to fulfil all the requirements from the Department (Department of Social Development). They live on the little fees they get from the parents” (Female, February 2011).*

In addition, all of the parents of the study complained about the lack of support from the government. *PARE 2 (March 2011)* was extremely critical and accused the local government representatives of corruption. *“Look man, they don’t care what happens here. They have all their nice houses and we have to lookout for ourselves”.* Another participant believed that the government has *“no money to invest”* in areas such as Vrygrond (*PARE 3, March 2011*). *PARE 1 (February 2011)* claimed that there are not enough schools in this area and that *“the government has to built more, but they can’t”.*

In summary, it can be said that almost all of the participants from Vrygrond detected neglect by the government to provide educational services for this area. The principal of a crèche claimed that the private sector is more helpful than the government: *“The companies help us more than the government does. We rely on donations from companies because the government makes it impossible to get grants of subsidies”* (Female, March 2011). CSR initiatives are regarded as a way to fill the gaps of government. These assertions are also in accordance with Blowfield and Frynas (2005), who insist that if the government is unable to deliver minimum levels of sanitation and infrastructure, CSR initiatives may make an enormous contribution. However, Blowfield (2005) also draws a clear line, claiming that even when CSR makes a positive contribution to development, there will still be gaps that need to be tackled by government.

*BOARD 5* (March 2011) also detects governmental gap in service delivery but was the only interviewee who differentiated between the role of companies in development. *“CSR has a complementary role in development. It cannot compensate the role of government in development”*. This is in line with many CSR scholars, who consider the engagement of companies in development as complementary to government approaches rather than substituting it. Newell and Frynas (2007:679) emphasize the primary role of the state as the key agent in poverty politics: *“The greatest contribution CSR initiatives can make is through reinforcing state-led development policy. CSR strategies need to graft onto, enhance and amplify the impact of existing pro-poor initiatives, even if they can also make contributions in their own right”*. Sagebien and Whellams (2010:497) also argue that *“CSR is intended to complement the regulatory framework established by governments, rather than relieve governments of their duty to serve the public interest”*.

#### 4.3.4.2 MEETING THE NEEDS

*“While the motives might not always be the best motives, the help is still getting to the people that need the help”*

*(BOARD 5, March 2011)*

Since stakeholder dialogue and collaboration with the community has to be seen as critical components of successful CSR initiatives, it was essential to establish the stakeholders' perception of the benefits of this CSR initiative. One of the objectives of this study was to investigate whether this CSR initiative is addressing the needs of the people in Vrygrond. This section will discuss the question: *“Does this CSR initiative meet the needs of the people in this community?”*

#### **THE BUSINESS PERSPECTIVE**

The responses from the GTS sample were anticipated to be less critical in terms of the engagement of their company. As highlighted in the section above, the majority of the board members regard CSR initiatives as a company's contribution to fill in governmental gaps. All of the participants attest that this CSR initiative is meeting the needs of the people in Vrygrond. Major challenges in the community such as poverty, unemployment and illiteracy were mentioned and used to emphasize, why this CSR engagement is contributing to development. The lack of educational facilities was perceived as one of the biggest challenges. By providing education, as per one participant *(BOARD 2, March 2011)*, GTS is facilitating the development of underdeveloped communities: *“It is a well known fact, how critical education is in the lives of underdeveloped children and underdeveloped communities”*. *BOARD 3 (March 2011)* argues that *“there is a big lack of ECD in South Africa and iThemba is addressing that problem. We focused on the people's need, focused on what is important”*. The chairperson of the NPO believes that this CSR initiative meets the needs by contributing to the lack of schools in this area. *“We add value and structure into the lives of the children. We facilitate that they grow inside of the educational environment that we created” (BOARD1, January 2011)*. The main

benefits of the iThemba School Capricorn, according to most of the board members, are that children receive basic life and English skills: *“Skills that enables them to attend other schools afterwards. See, if we don’t invest in pre-primary education, the kids fall behind in primary school”* (BOARD 4, March 2011).

Another way of addressing the needs of the beneficiaries was that the children at the school receive healthy and nutritious meals three times a day. The majority of the sample stated that the CSR initiative is adding value to a poverty-stricken community and that through education, growth is being facilitated. To summarize the key findings, the general perception of the board of director sample clearly indicates that they perceive this CSR initiative as a valid contribution to the issues in this area. By addressing not only educational, but also issues such as unemployment, malnutrition and lack of structure, this CSR initiative is seen as essential.

### ***THE OTHER PERSPECTIVE***

As highlighted in the section above, positive responses from the GTS sample was to be expected. Therefore, the research on site and the interviews conducted with various people from this community helped to establish, whether this CSR initiative is addressing what people what people identify as crucial needs in Vrygrond. The lack of schools and educational facilities was one of the major points of critique of this research. The majority of the interviewees complained about the school situation in Vrygrond. To invest in Early Childhood Development is *“absolutely critical”*, according to the chairperson of the VCDT: *“The challenges in this area are poverty and the lack of education. You got to get them early and actually pre-school up to Grade R is absolutely essential. So I was thrilled that GTS focused on pre-primary education”* (CHAIR 1, March 2011). iThemba is a model school, the interviewee continues, and *“75 children are getting a superb pre-school education. (...) GTS is giving them a foundation for the rest of their lives, changing the lives of kids and that is an effective use of donor funding in my opinion”*.

The most common response was that the area needs schools and that this CSR initiative is addressing such needs. The principal believes that the school *“definitely meets the needs, definitely because here are still a lot of children who are in the streets and we’ve taken a few off the streets. This project is important because that’s the foundation when they go to primary school. If they don’t get pre-primary education they will struggle later in school”* (SCHOOL 1, March 2011). In addition, the interviewee continues to say that the children receive healthy nutrition at the school which further contributes to their development. *“„You can’t teach a hungry child’ is a very nice slogan from another organization, and it is true. Most of these kids would have nothing to eat if they didn’t get food here. If you compare the children to how they looked like when they started here, you’ll see a huge difference. Most of the parents have no money to provide a good meal, so most of the time they would get rubbish like a piece of toast with sugar on it”*.

According to the teachers, iThemba is setting an example in this community and a lot of people want to their children to be at the school. *“We help the kids to get better education and we also educate the parents with our work. They begin to understand how important education is for the lives of their kids”* (TEACH 1, February 2011). Another participant of the study mentioned that the children need to be off the streets and in school instead: *“There are almost no schools here and schools like iThemba are important for our community. The kids need to learn, they need to be in school so they can be something later”* (Female, February 2011). *“The work we do here is extremely important to the children of the community, but also for the parents. They come from very poor backgrounds and we educate the parents as well. We have introduced parent meetings and support groups, and more and more parents participate now. Without the adults our work is useless”* (TEACH1, February 2011).

These statements highlight how the school members are trying to incorporate the beneficiaries in the project. Parents are encouraged to partake in meetings and school activities to get more aware of their children’s development. The school facilitator elaborated on the importance of the CSR initiative. Through iThemba, the children may gain access to a better primary education. *“It is the most logical place to start transformation”* (SCHOOL 2, March 2011). As highlighted in the sections above, unemployment poses one of the major problems in Vrygrond. Besides the



principal, all of the staff members of the iThemba School are residents of Vrygrond. As per *SCHOOL 1 (March 2011)*, involvement of companies is a valid contribution to development: *“Definitely that and also of course job wise. A lot of these people don’t have jobs here. So that’s one way of helping. Our teachers and kitchen staff are all from here and they take workshops and courses, so they make also progress”*.

The interviewed parents further confirmed the benefits of this school. It became apparent that they are very happy about their children’s development. According to one participant, the benefits of this CSR initiative became visible after the first term. *“My girl was very shy and didn’t want to go to school in the beginning. Now she loves it, she wants to learn more and after holidays she can’t wait to return (to the school). This programme is good, because she learns stuff and is together with other kids and good teachers. We call her our little journalist, because she invents stories all the time” (PARE 2, March 2011)*. A main feature of this project is, that the children receive a foundation and the English skills they need to cope with Primary School requirements, as per the principal (*SCHOOL 1, March 2011*). One mother further elaborates on the developments her son made at iThemba: *“Wilfred (name changed) has changed completely. He is very bright and very polite now. He can speak very good English now. He can already sing and translate all three parts of the anthem (the South African anthem)”*, his mother tells me proudly. *“This is already more than I know at my age now”*.

Another parent confirmed the positive development of his child: *“The boy has had a very good year. I am very proud of him and impressed by how fast he learns English. I will try to get him to a good Primary School and maybe he will get a good job later, something in Town (CBD)” (PARE 4, March 2011)*. The school principal confirmed the positive developments of the children at iThemba. Although it is just a „drop in the bucket’, it is still a valuable contribution to the lives of these children (*SCHOOL 1, March 2011*). The need for schools in this area is so apparent and all interviewees stated that building more schools is what will help this community. During the observation phase the researcher engaged with a many crèche owners and principals of ECD facilities in Vrygrond. The majority of the participants confirmed the statements above. Besides other issues such as crime and drug abuse, the need for schools and places for the youth were mentioned in every conversation.

According to one principal of an ECD facility, *“Vrygrond has 15 crèches of which only four are registered with the Department of Social Services. But almost none of them have the money to abide to the strict regulations of the government. We desperately need school here but we also need help. So I think that companies are very helpful because they get these things done”* (Female, February 2011).

Nevertheless, the establishment of the school also caused unintended consequences. Some participants raised concerns about the future of their children after their time at iThemba. One participant feared that her child will not get into a quality primary school (Female, March 2011). Another participant raised the issue of sustainability: *“without the help of GTS there will be no iThemba School. What happens if they decide to leave South Africa?”* (Male, March 2010). This concern was also shared by the chairperson of the VCDT and the principal of the iThemba School: *“If GTS walks away, this place will collapse* (CHAIR 1, March 2011). In addition, concerns were raised about the recruitment of children for the iThemba School Capricorn. Some participants of the study expressed their anger because their children did not receive a place at iThemba. The fact that the space is limited and only 25 children are recruited each year can also lead to frustration and jealousy within the community.

#### **4.3.4.3 CONTRIBUTION TO SUSTAINABLE DEVELOPMENT?**

The issue of sustainability and the contribution of CSR projects to sustainable development have been at the heart of discussions. Although many corporations praise their CSR initiatives as sustainable development, it is open for debate to what extent it is mere window-dressing or a realized accomplishment. As established earlier, long-term sustainable development should include an economic growth component, as well as a social and environmental value. Many scholars are sceptical about the potential of CSR initiatives for sustainable development, arguing that companies cannot escape their primary goal of making profits for their shareholders. One of the harshest critics is Friedman (1962), questioning the alleged social role of corporations in development. *„The business of business is business’* and therefore incompatible with sustainable development. This is in line with Idemudia (2008:93) who claims that *“since business is*

*structurally constrained by the logic of capitalist production and profitability, it will continually choose profitability over making meaningful contributions to development”.*

Interestingly, the entire GTS sample agreed that the notion „*business of business is business*’ is applicable to a certain degree. One interviewee argued that GTS is using its CRS initiative for marketing purposes, since the business of a company is first and foremost business: *“I think that’s true but it is also a win-win situation because it also benefits the children in Vrygrond”* (BOARD 4, March 2011). BOARD 2 believes that iThemba is a valid tool for poverty alleviation: *“I doubt that if business is not adding value to communities whether they would be still in business”* (March 2011). As per another interviewee, CSR can only play a valid role in development if there is a learning effect involved. It can be window-dressing, but it all depends on the outcome: *“Just throwing money at things in not changing anything”* (BOARD 3, March 2011). The chairperson of the VCDT further emphasized the important role of CSR engagements in Vrygrond: *“Look, the truth is the government will never deliver a pre-school of the quality that you were delivering here. At the end of the day private founders deliver quality education that the government can’t do”* (CHAIR 1, March 2011). The school facilitator (SCHOOL 2, March 2011) stated that CSR is not only extremely important, it should be made compulsory.

However, only a few participants addressed the issue of sustainability. All of the board members strongly believe in the contribution of this CSR initiative to sustainable development. *“It’s been sustainable for the last five years and its getting funding form one of the biggest airline company, so yes, it is sustainable”* (BOARD 4 March 2011). The fact that GTS signed a 30 year lease agreement for the land emphasizes the willingness of the company to invest in a long-term project. Nevertheless, the chairperson of the VCDT got to the heart of it by stating that iThemba itself is not sustainable and can never be sustainable. This long-term commitment to CSR could be easily revoked if the company’s success is at stake: *“CSR is a very important source of social delivery, but if GTS walks away this place will collapse”* (CHAIR 1, March 2011). The principal, who confirmed the importance of this CSR initiative, was also aware of the sustainability issue: *“We depend on funds and the companies help us to continue what we are doing, but without their money we cannot proceed”* (School 1, March 2011).

Sagebien and Whellams (2010:492) argue that CSR initiative in recent years *“have resulted in greater environmental protection and conservation, increased access to health care, better sanitation, and improved labour practices for many people in developing countries. However, it remains uncertain whether these improvements act to better the lives of any people beyond the small number of those who come into direct contact with these companies”*. While the CRS initiative under study might make a contribution to the immediate needs of the community of Vrygrond, which are the need for schools, better education and employment opportunities, it is not clear that it will contribute to sustainable development in this area. The scope of the CSR initiative is confined to one location and only a few people benefit from it. Although employment is created and children get valuable education and nutrition, which is essential for the well-being, the iThemba School Capricorn does not contribute to the development on a regional or national scale. Additionally, this CSR initiative is lacking the sufficient resources to make it a broad-based societal transformative process that would qualify it as sustainable development (Sagebien and Whellams 2010, Orlitzki et al. 2011).

Sustainable development also includes a greater participation of community members and the findings underline that the residents of Vrygrond were not incorporated in the designing and implementation process. The researcher agrees with D’Amato et al. (2009:8), who argue that corporations need to engage with stakeholders to develop valuable and long-term CSR initiatives: *“Corporations and stakeholders are more likely to succeed when a long-term vision is embraced”*. Although a development expert was employed to create a more feasible approach for the community, the „community’ itself consisted only of the chairperson of the VCDT, who made the decisions. Nevertheless, this CSR initiative has tangible benefits for the people involved and although it might not be sustainable development, it suggests a model which, if pursued in many places, would contribute to sustainable development.

# ***CHAPTER FIVE***

## ***CONCLUSION***

The research revealed the complexities and challenges that emerge at a local community level alongside the corporate level when companies engage in CSR initiatives. The following chapter will present the major conclusions drawn from the case study and offer recommendations for the way forward for CSR.

### **5.1 SUMMARY OF MAJOR FINDINGS AND CONCLUSION**

This research highlighted the issues of implementing CSR initiatives in impoverished communities. One major finding of the thesis is that without a proper stakeholder dialogue development activities of companies tend to be unsuccessful. Although business executives might bring along a set of skills, further alignment with various stakeholders and intended beneficiaries is essential. CSR initiatives can make a positive contribution, as the literature suggests, if various stakeholders are incorporated in the planning and designing process. However, this seems to work far better in theory than in practice. CSR is embedded within the business strategies of a company and the first GTS initiative failed mostly because of the lack of expertise and participation of the local community. The case study further reveals that lessons have been learned and the iThemba School Capricorn case study discloses a greater degree of participation from various groups and development experts. Before implementing the school, thorough research and communication with various groups and key players has taken place.

Successful CSR initiatives rely mainly upon the way they have been implemented. Therefore, consultation with the community has to exceed the consultation of just a few key persons and incorporate the intended beneficiaries in the decision making process in order to provide a more meaningful collaboration with the various stakeholders involved. Furthermore, the interviews with the parents and teachers of the school disclosed a lack of community engagement in the implementation of this initiative. A people-centred approach, where the intended beneficiaries

are incorporated in the decision process, is essential. For a more meaningful collaboration, the company should have appointed members from the community to the management board, such as parents or teachers who live in Vrygrond.

A further point of discussion addresses the compatibility of CSR objectives and development objectives. Most of the criticism of CSR condemns development activities of company as not feasible for local communities. Companies may not make the necessary long-term investments to benefit impoverished communities. Another feature of the CSR debate is the accusation of window-dressing and that initiatives are used as a marketing tool. The literature revealed that many opponents contest the contribution to development since CSR initiatives are mainly driven by commercial rather than developmental reasons. Considering the persistent pressures from shareholders for short-term returns, many critics challenging the compatibility of CSR and sustainable development: *“If firms are driven by short-term financial profitability”*, according to Jenkins (2005:529), *“they may not make the long-term investments necessary to promote human development or benefit the poor”*. The CSR initiative of GTS is no exception since it is also driven by commercial reasons. However, this critique is only partly applicable to the CSR initiative examined in this case study. The study emphasizes that companies can have a positive impact in the local communities they operate and have commercial benefit at the same time. As the research finding reveal, this initiative makes a positive contribution for the people involved in this initiative. However, the contribution to sustainable development is limited in scope and the researcher agrees with Newell (2005:556) who claims that *“CSR can work, for some people, in some places, on some issues, some of the time.”*

Furthermore, this case needs to be discussed in the light of the South African context. As mentioned in the literature, the B-BBEE act is one of the main drivers of CSR engagement in South Africa and the study reveals that GTS invested in CSR mainly to be BEE compliant. CSR has become a very prominent feature in business strategies today and companies have realized the value of acting responsibly. Although the motives of the company might be driven by commercial reasons and encouraged by a legal framework such as B-BEEE, this study clearly highlights that the iThemba School Capricorn is meeting the needs of this community. There may be a marketing aspect to it, but in the end children from a community that is lacking schools

receive education. Furthermore, jobs have been created that also contribute to the pressing issues of unemployment in Vrygrond. Although it might be just „a drop in the ocean, as one participant stated, it is one step in the right direction.

This thesis was not concerned with the question *if* companies should get involved in development, particularly in South Africa with major drivers for CSR such as the BEE. It is more about *how* companies get involved. The literature suggests that a tri-sector partnership seems to be the way forward for CSR and business, non-profit organizations and governmental agencies can produce positive alliances for a more effective use of resources, skills and knowledge. However, the formation of such partnerships appears to be challenging and is lacking the voice of the community. The research findings reveal that, although GTS invested in a long-term CSR initiative, the business attitude and the way the company implemented this initiative, focuses on short-term results. It is this „we need to do it’ attitude that is sometimes starkly opposed to the bureaucratic procedures of governmental departments.

It has become apparent that CSR is not a tool for poverty alleviation and the primary agent of development is the state. Nevertheless, CSR can have a significant impact through reinforcing state-led development policies. Such initiatives need to enhance and strengthen the impact of existing pro-poor initiatives (Newell and Frynas2007). Only if CSR initiatives are planned and designed carefully a positive contribution for development can be achieved. The iThemba case study has shown that CSR engagement can make a positive contribution, although such contributions are limited in scope. The important part is to maximize CSR’s potential to make it more inclusive. Business, government and NPOs need to align their processes and incorporate the community in order to provide a feasible solution.

The conclusions based on this case study are confined to a specific company and a specific sector. There are numerous ways in which a company can engage in CSR. Since there is still a need for further research in the field of sustainable CSR and its impact on local communities, this study can be utilized as a proposal to take up further research and to conduct an extensive long-term study.

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## Appendix A:

### FIELDNOTES OBSERVATION

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OCCATION: Staff Meeting iThemba School Capricorn

DATE: 17<sup>th</sup> of March 2011

TIME: 18:00

PLACE: iThemba School Capricorn, Vrygrond

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- Staff meeting in meeting room at iThemba School Capricorn with Principal, Facilitator, and staff.
- Main points: Security issues, parents participation, support group
- First point was the security issue and the question, if they need a higher fence. The care-taker, who lives on premises complained about increasing trespassing at night. People can easily jump the fence and try to get copper pipes for scrap metal or try to steal the garden equipment. Everybody very concerned, especially about safety of the care-taker at night.
- Principal asked staff about possible ways of preventing this. Many teachers also complained about the increasing crime in area. Discussion about what can be done.
- Second point raised was, how to get the parents more involved in the school activities of their children.
- Principal and Facilitator stressed the fact, that more parent meetings are needed to inform parents about possibilities and their responsibilities.
- One teacher complained about a few parents and their lack of interest in the school career of their children. Issue of application for primary school was discussed and that parents have to enroll their kids at an early stage in order to secure a place in primary school.
- Support group. The idea of a support group mainly for women who suffer from abuse was discussed. Teachers and principal want to organize every Saturday support groups and workshops for women.
- General perception. Interaction between people very open, friendly and familiar.
- Similar opinion and attitude towards the issues and problems in the area, although not all live in Vrygrond.

## Appendix B:

### BOARD OF DIRECTORS INTERVIEW TRANSCRIPT

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INTERVIEWEE: BOARD 4

POSITION BOARD: SECRETARY

DATE: 10<sup>th</sup> of March 2011

TIME: 14:00

PLACE: Meeting room "Cape Point". GTS Head office, Strand Street, Cape Town

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**Researcher: R**

**Interviewee: I**

**R: How are you involved in iThemba?** *I: I am involved on a number of levels. I think I started being involved as a board member of the iThemba board as such in the role of secretary. I'm also, or I used to be the iThemba Project Manager, meaning I had to look after the day-to-day running of the iThemba project until that was taken over by somebody else.*

**R: Why did GTS in general engage in pre-primary education? What was the motivation behind the companies CSR initiative?** *I: The motivation behind it was that we believe that education and education of children from a very young age would lead to education of the community. And basically then to the next generations being able to turn things around, you know, just through education. The hope is kids can at some point then go to university and change the country or the things that are happening in the country. One of the things is that they learn English which is usually not the case in the community that Capricorn is in. So that would enable them to go to higher schools at the latest stage and hopefully end up in, you know, with an university degree and a job as a professional which would then enable them to contribute to society themselves.*

**R: How was the project being implemented? Did you follow certain CSR guidelines or was there a implementation strategy?** *I: See, that I don't know. I haven't been involved in the starting of the initial iThemba project. There was one iThemba project, iThemba School Philippi, which was started before I started getting involved in the project. So I don't really know how that was done. With regards to the iThemba School Capricorn, to be honest, I don't think that specific CSR policies were followed or any CSR strategy. I think that it was just a basic understanding of wanting to help and wanting to do something, and doing that by opening a school. I don't think there was a specific you know, strategy behind that, not necessarily.*



**R: Why did GTS choose Capricorn to set up a school?** *I: As far as I know in South Africa it's fairly difficult to find a community actually where you can sign a lease agreement that's longer than one or two years. Usually just as in any lease agreement its one year long or two years long and we didn't want to run the risk of, you know, financially contributing to a project which would then, you know, in the worst case scenario have to be stopped again because the owner of the piece of land wouldn't extend the lease. In Capricorn as far as I know the community is really interested in uplifting the community and therefore is giving longer leases of 25 to 30 years to certain projects. And as far as I know there is more projects running in that community than in a lot of other areas because of that.*

**R: Did you collaborate with the community? How would you describe the collaboration?** *I: I think there was a lot of collaboration going on when the school was first built. Obviously you need the buy-in of community especially because of the poverty and crime ratio. It would have never worked if the community hadn't been involved. We did build the school on a previous netball field that the community had there and that is obviously one of the few things available to the youth in a community like that. So obviously, you know, the community had to be convinced that a school would be a bigger benefit than the netball field. With regard to the government, I think also to a certain extent there was work with the government and obviously now there is work with the government. We applied for first grants, Social Development grants. The Western Cape Minister of Education was at our opening. So there is a certain level of involvement and engagement with the government.*

**R: What are your main aims of this project?** *I: One I've already mentioned. It's to give them obviously basic education, basic tool to go to higher schools including the English and proper (pause) nourishment or feeding the kids as well, is one of the other projects. Feeding them I think five meals a day and therefore addressing issues of the kids not having enough to eat at home. But the main thing is to give them basic life skills and English language skills for them to be able to attend other schools afterwards.*

**R: What do you think are the main challenges and issues in this community?** *I: Poverty obviously, unemployment, crime, everything that basically comes with a community like that and the poverty within the community. So HIV/ AIDS, other diseases and at the moment one can see that crime is one of the bigger challenges, gang memberships, those sort of things, unemployment.*

**R: Looking at the iThemba project and other CSR initiatives - Why do you think CSR engagement of companies is important?** *I: Because the government just doesn't deliver, or can't deliver. It doesn't have the resources to take care of the vastness of the problem of unemployment and poverty in the country.*

**R:**     **How do companies ensure that they meet the needs of the people with the CSR initiatives?** *I: I think they are filling the gaps to a large extent that is existent or they should be filling the gaps that are existing. I mean if you look at for example Capricorn, there isn't necessarily usually access to pre-primary education in the area. And with the project we are just filling that gap. I am not so sure if that is always achieved or if sometimes there is not enough communication between the government and the projects, but ultimately it should be to fill in where government doesn't have the capacity.*

**R:**     **Do you think that this CSR initiative is sustainable?** *I: I think so. It has been sustainable for the last I think five years, and I do think it is, if we....I mean we are getting funding from one of the biggest employee organizations in Europe or within the airline industry, from Lufthansa. So I do think so and GTS is committed to partake.*

**R:**     **There are a lot of critics of CSR. One of them is Milton Freeman who said “the business of business is business”. What do you think? Those critics argue that is just window-dressing or a marketing tool? Do you think that CSR is a valid tool for poverty alleviation?** *I: I think so. I think that the critics are right and saying it is also used to market basically the company. But that doesn't take away from the fact that it's helping the community as well. I mean GTS is also using it as a marketing tool, as a recruitment tool. And establishing a social conscious brand name, but that doesn't mean that the kids in Capricorn don't get the help. They still get the help and I think while the motives might not always be the best motives, but the help is still getting to the people that need the help. I can only really speak for the, obviously for the projects that I know. But I am pretty sure there are projects out there that are really just doing it just for window dressing. But I think in the case of Capricorn, yes, the business is using it and the business of business is business, I think that's true. But it also benefits the kids in Capricorn and the community as a whole. So it's a win-win situation I would think in the case of Capricorn at least.*

## Appendix C:

### SCHOOL MAMANGMENT INTERVIEW TRANSCRIPT

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INTERVIEWEE: SCHOOL 2

POSITION: SCHOOL FACILITATOR

DATE: 17<sup>th</sup> of March 2011

TIME: 17:00

PLACE: Staff Room, iThemba School Capricorn, Vrygrond

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**Researcher: R**

**Interviewee: I**

**R:**     **How were where you involved with iThemba?** *I: I was asked by GTS to source land in an impoverished area, preferably, black. After much negotiation with (.....), chairman of the Vrygrond Trust I procured the land with only a token charged for the lease.*

**R:**     **How was this project being implemented?** *I: The biggest challenges were posed by the City of Cape Town w.r.t Plans, Fire and Safety, Health and Educare Prescriptions. GTS secured funding from Help Alliance. I had to design all the operational systems for running the school. I was also responsible for drawing up a budget. I was the so-called Corporate Social Investment Manager but it soon became very evident that (.....) from HR would call the tune. I was nevertheless up for the challenge and gave the project more, much more than 100% of my time and energy. I wrote advertisements for staff recruitment, arranged interviews, and also recruited children for the school.*

**R:**     **Why do you think did GTS choose Vrygrond to set up a school?** *I: GTS did not choose; I managed to find the available land after exhausting all other possibilities. GTS found it convenient as the community was extremely impoverished and in dire need of such a facility. The criterion of a black community was partially satisfied in the sense that we could recruit Black and so-called Colored children and GTS did not have to pay for the land. The CEO,(.....) and Team were able to negotiate a good deal.*

**R:**     **How did GTS collaborate with the community or the government during the implementation?** *I: I held meetings with influential members of the community and the Councilor of the Ward.*

**R: Were there any problems during the implementation?** *I: The land on which the school was to be built was used by the local Netball and Street Soccer Clubs. This created serious problems but I spoke to senior club members and arranged a meeting with the councilor and club representatives. Here we managed to allay their fears and convinced them that the community would be the eventual winners. Some of them would also be employed the initial building operations.*

**R: How was the perception of the community about iThemba, when it started?** *I: It was one of pride. The iThemba School has taken on the image of an oasis in the desert of neglect and poverty.*

**R: What do you think are the main challenges and issues in this community?** *I: Definitely drug and alcohol abuse in a community where the unemployment rate is more than 70%. HIV-Aids is also on the up.*

**R: What are your main objectives and aims at iThemba?** *I: To offer children a better foundation for a brighter future. To teach children the basic skills of English as a spoken language in order that they may gain access to a better primary school education.*

**R: What do you think about the school? Is it useful, does it meet the needs of the people in this community?** *I: iThemba does more than meet the needs of the community. Hungry children receive breakfast, lunch and snacks; they are given a comfortable place to rest/sleep; receive a first class education and a safe and secure place to spend most of the day under high quality supervision.*

**R: What is the role of iThemba in this community? What are the benefits?** *I: There is already tangible and visible evidence of the positive influence of iThemba on the community. Parents are beginning to show a more caring attitude towards their children and the school. Fewer cases of children being fetched by intoxicated parents are noted. Parents are also more concerned about their appearance and through regular talks at school meetings they are becoming more and more aware of child and women abuse and their options. The iThemba School vegetable garden has also inspired some parents to start their own.*

**R: Speaking of pre primary school, how important is such an engagement, especially in impoverished areas?** *I: The importance of Pre-Primary schooling has long been high-lighted by educationalists the world over. The advantages of ECD are regularly emphasized by people like Dr Eric Atmore and others in our local media. Children who are exposed to pre-primary education have a better chance of being successful in later years, more determined to pursue a career and less inclined to join the worrying numbers of school drop-outs.*

**R: Do you think there is a gap from the government, especially when it comes to education?** *I: The SA Government must take the biggest chunk of the blame for the mess education in South Africa finds itself. There has been no commitment on the part of Government to improve education at grassroots level and to make pre-school education compulsory and accessible in especially the poorer areas. My perception is that people who try to establish such facilities to bring children in from the streets are thwarted in their efforts by all the red tape the Government has put in place. There is also a sad unwillingness to spend money on such facilities, hence the cumbersome application procedures to obtain financial support.*

**R: Looking at the iThemba project and other CSR initiatives - Do you think CSR engagement of companies is important?** *I: It is not only important it, should be made compulsory. Every company should contribute towards such initiatives. It is, after all, the most logical place to start transformation of the shocking state in which education finds itself!*

**R: So do you think that the involvement of companies is a valid tool for poverty alleviation?** *I: Yes, as qualified above.*

**R: If you would have been in charge of implementing this project in the community, what would you have done differently?** *I: I would have given the community a more meaningful say in the school by inviting them to serve on the governing body*